

Rice Midstream Partners LP
Form 10-K
February 25, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2015

or

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

For the transition period from _____ to _____

Commission File Number: 001-36789

Rice Midstream Partners LP

(Exact name of registrant as specified in its charter)

Delaware

47-1557755

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

400 Woodcliff Drive

15317

Canonsburg, Pennsylvania

(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code: (724) 746-6720

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

Title of each class

Name of each exchange on which registered

Common Units Representing Limited Partner Interests

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements

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incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

The aggregate market value of the common units held by non-affiliates of the registrant as of June 30, 2015: \$498.1 million

At February 22, 2016, there were 70,917,372 units (consisting of 42,163,749 common units and 28,753,623 subordinated units) outstanding.

Documents Incorporated by Reference
None

RICE MIDSTREAM PARTNERS LP
ANNUAL REPORT ON FORM 10-K
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Emerging Growth Company Status

We are an “emerging growth company” as defined in the Jumpstart Our Business Startups Act, or the “JOBS Act.” For as long as we are an emerging growth company, unlike other public companies that are not emerging growth companies under the JOBS Act, we are not required to:

- provide an auditor’s attestation report on management’s assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002;
- comply with any new requirements adopted by the Public Company Accounting Oversight Board, or the “PCAOB,” requiring mandatory audit firm rotation or a supplement to the auditor’s report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer;
- comply with any new audit rules adopted by the PCAOB after April 5, 2012, unless the Securities and Exchange Commission (“SEC”) determines otherwise;
- provide certain disclosure regarding executive compensation required of larger public companies; or
- obtain unitholder approval of any golden parachute payments not previously approved.

We will cease to be an “emerging growth company” upon the earliest of:

- the last day of the fiscal year in which we have \$1.0 billion or more in annual revenues;
- the date on which we become a “large accelerated filer” (the fiscal year-end on which the total market value of our common equity securities held by non-affiliates is \$700 million or more as of June 30);
- the date on which we issue more than \$1.0 billion of non-convertible debt over a three-year period; or
- the last day of the fiscal year following the fifth anniversary of our initial public offering.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the “Securities Act,” for complying with new or revised accounting standards, but we have irrevocably opted out of the extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates in which adoption of such standards is required for other public companies.

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report on Form 10-K (the “Annual Report”) contains “forward-looking statements.” All statements, other than statements of historical fact included in this Annual Report, regarding our strategy, future operations, financial position, estimated revenues and income/losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this Annual Report, the words “could,” “may,” “assume,” “forecast,” “position,” “predict,” “strategy,” “expect,” “intend,” “plan,” “estimate,” “anticipate,” “believe,” “project,” “budget,” “potential,” or “contingent” expressions are used to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. You are cautioned not to place undue reliance on any forward-looking statements. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading “Item 1A. Risk Factors” included in this Annual Report.

Forward-looking statements may include statements about:

- the ability of Rice Energy or our other customers to meet their drilling and development plans on a timely basis or at all;
- business strategy;
- realized natural gas, NGLs and oil prices;
- competition and government regulations;
- actions taken by third-party producers, operators, processors and transporters;
- pending legal or environmental matters;
- costs of conducting our gathering and compression and water services operations;
- general economic conditions;
- credit and capital markets;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- uncertainty regarding our future operating results; and
- plans, objectives, expectations and intentions contained in this Annual Report that are not historical.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to our gathering and compression and water services business. These risks include, but are not limited to, commodity price volatility; inflation; environmental risks; regulatory changes; the uncertainty inherent in projecting future throughput volumes, cash flow and access to capital; the timing of development expenditures of Rice Energy or our other customers; and the other risks described under “Item 1A. Risk Factors” in this Annual Report.

Should one or more of the risks or uncertainties described in this Annual Report occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this Annual Report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Annual Report.

Commonly Used Defined Terms

As used in the Annual Report, unless the context indicates or otherwise requires, the following terms have the following meanings:

“Rice Midstream Partners LP,” “the Partnership,” “we,” “our,” “us” or like terms refers to Rice Midstream Partners LP and its consolidated subsidiaries, and for periods prior to our initial public offering on December 22, 2014, refers to our Predecessor;

“Predecessor” when discussing periods:

• prior to the formation of Rice Poseidon in July 2013, refers to the Pennsylvania natural gas gathering, compression and water distribution assets and operations held in various subsidiaries of Rice Energy;

• subsequent to the formation of Rice Poseidon in July 2013 through January 29, 2014, refers to the natural gas gathering, compression and water distribution assets and operations of Rice Poseidon;

• subsequent to January 29, 2014 through April 17, 2014, refers collectively to the natural gas gathering, compression and water distribution assets and operations of Rice Poseidon taken together with the Alpha Assets; and

• subsequent to April 17, 2014 up to December 22, 2014, refers collectively to the natural gas gathering, compression and water distribution assets and operations of Rice Poseidon, the Alpha Assets and the Momentum Assets from their respective dates of acquisition.

“Alpha Assets” refers to the natural gas gathering and water distribution assets owned by Rice Energy’s Marcellus joint venture prior to the completion of Rice Energy’s initial public offering on January 29, 2014. Rice Energy purchased its joint venture partner’s remaining 50% interest in its Marcellus joint venture in connection with the completion of the Rice Energy initial public offering;

“Marcellus joint venture” refers collectively to Alpha Shale Resources, LP and its general partner, Alpha Shale Holdings, LLC;

“Momentum Assets” refers to North System, which is comprised of certain natural gas gathering and compression assets, rights-of-way and associated permits acquired by Rice Poseidon from a third party on April 17, 2014;

“our general partner” or “Midstream Management” refer to Rice Midstream Management LLC, a wholly-owned subsidiary of Rice Energy;

“Rice Energy” refers to Rice Energy Inc. and its consolidated subsidiaries, and for periods prior to Rice Energy’s initial public offering on January 29, 2014, refers to Rice Energy’s predecessor, Rice Drilling B LLC, and its consolidated subsidiaries;

“Rice Midstream Holdings” refers to Rice Midstream Holdings LLC, the owner of our general partner and a subsidiary of Rice Energy;

“GP Holdings” refers to Rice Midstream GP Holdings LP, a subsidiary of Rice Energy;

“Rice Poseidon” refers to Rice Poseidon Midstream LLC, a wholly-owned subsidiary of Rice Energy immediately prior to the completion of our initial public offering on December 22, 2014;

“PA Water” refers to Rice Water Services (PA) LLC, a wholly-owned subsidiary of Rice Midstream Partners LP; and

“OH Water” refers to Rice Water Services (OH) LLC, a wholly-owned subsidiary of Rice Midstream Partners LP.

PART I

Item 1. Business

Overview

We are a fee-based, growth-oriented limited partnership formed by Rice Energy (NYSE: RICE) to own, operate, develop and acquire midstream assets in the Appalachian Basin. We operate in two business segments, which are managed separately due to their distinct operational differences: (i) gathering and compression and (ii) water services. Our natural gas gathering and compression assets consist of natural gas gathering and compression systems that service high quality producers in the rapidly developing dry gas core of the Marcellus Shale in southwestern Pennsylvania. Our water services assets consist of water pipelines, impoundment facilities, pumping stations, take point facilities and measurement facilities which are used to support well completion activities and to collect and recycle or dispose of flowback and produced water for Rice Energy and third parties in Washington and Greene Counties, Pennsylvania and Belmont County, Ohio. We provide our services under long-term, fee-based contracts, primarily to Rice Energy in one of its core operating areas. We believe that our strategically located assets, high quality customers and relationship with Rice Energy position us to become a leading midstream energy company in the Appalachian Basin.

Gas Gathering and Compression

We have secured dedications from Rice Energy under a 15 year, fixed-fee contract for gathering and compression services covering (i) approximately 93,000 gross acres of its acreage position as of December 31, 2015 in Washington and Greene Counties, Pennsylvania, and (ii) any future acreage it acquires within these counties, other than in select areas subject to a pre-existing third-party dedications and subject to the terms of our gas gathering and compression agreement with Rice Energy. In addition, we have secured dedications from third-party customers under fixed-fee contracts for gathering and compression services in Washington County, Pennsylvania, with respect to approximately 21,000 of their existing gross acres, and any future acreage they may acquire within areas of mutual interest of approximately 66,000 acres. We refer to these areas of dedication and areas of mutual interest as our “dedicated areas.” Our third-party fixed-fee contracts have a weighted average remaining term of 10 years. For a discussion of the key terms of the fixed-fee contracts, please read “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Our Operations.”

As of December 31, 2015, our gathering and compression assets consisted of:

- a 3.3 MMDth/d high-pressure dry gas gathering system and associated compression in Washington County, Pennsylvania, with connections to the Dominion, TCO, EQT and TETCO interstate pipelines; and
- a 840 MDth/d high-pressure dry gas gathering system in Greene County, Pennsylvania, with connections to the Dominion, TCO and NFGS interstate pipelines.

Rice Energy is our largest customer, and for the year ended December 31, 2015, Rice Energy represented approximately 84% of our gathering volumes. We derive revenues under our long-term contracts by charging customers fixed fees for gathering and compression services based on throughput. During the first half of 2016, we expect to add additional compression to certain Pennsylvania wells.

Water Services

Our water services assets consist of water pipelines, impoundment facilities, pumping stations, take point facilities and measurement facilities, which are used to support well completion activities and to collect and recycle or dispose of flowback and produced water for Rice Energy and third parties in Washington and Greene Counties, Pennsylvania, and Belmont County, Ohio. We have the exclusive right to provide certain fluid handling services to Rice Energy until December 22, 2029 and from month to month thereafter. The fluid handling services include 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 for Rice Energy within areas of dedication in defined service areas in Washington and Greene Counties, Pennsylvania and Belmont County, Ohio. We also provide water services to third parties under fee-based contracts to support well completion activities. As of December 31, 2015, our Pennsylvania assets provided access to 8.7 MMgal/d of fresh water from the Monongahela River and several other regional water sources, and our Ohio assets provided access to 10.7 MMgal/d of fresh water from the Ohio River and several other regional sources, both for distribution to our Exploration and Production segment and third parties. Rice Energy is our

largest customer, and for the year ended December 31, 2015, Rice Energy represented approximately 87% of our water services revenues.

Our Assets

The following table provides information regarding our gathering and compression assets for the periods presented.

	Three Months Ended	As of December 31, 2015		
	December 31, 2015			
	Average Daily Throughput (MDth/d)	Pipeline (miles)	Capacity (MDth/d)	Compression Capacity (HP)
Washington County System	571	95	3,297	13,240
Greene County System	132	18	840	—
Total	703	113	4,137	13,240

The following table provides information regarding our water assets as of December 31, 2015.

Water Assets	Capacity (MMgal/d)
PA Water	8.7
OH Water	10.7
Total	19.4

In 2016, we plan to invest \$150.0 million, of which \$140.0 million will be used for our continued build-out of our Pennsylvania gathering and compression systems and \$10.0 million will be used for our Pennsylvania and Ohio water services operations.

For additional information on operations by segment including, but not limited to, revenues, operating income and total assets, see Item 8 of this Annual Report.

Our Customers

One of our principal strengths is having Rice Energy as our anchor customer. During the year ended December 31, 2015, Rice Energy represented approximately 79% of our gathering revenues and 87% of our water service revenues. Rice Energy has dedicated to us all of its natural gas production in the dry gas core of the Marcellus Shale in Washington and Greene Counties, Pennsylvania, excluding amounts subject to a pre-existing third-party dedication. In addition to the growth we anticipate as a result of Rice Energy's development drilling, we expect to benefit from dedications we have secured from third parties. For the year ended December 31, 2015, third parties represented approximately 16% of our gathering volumes. We have secured dedications under fixed-fee contracts with a weighted average remaining term of 10 years for gathering and compression services in the dry gas core of the Marcellus Shale in southwestern Pennsylvania with respect to current third-party acreage positions of approximately 21,000 gross acres, and any future acreage acquired by such third-parties within areas of mutual interest of approximately 66,000 acres. Furthermore, we believe we will be able to attract additional third-party customers given our assets' strategic location, available gathering capacity and access to multiple takeaway pipelines. For the year ended December 31, 2015, a single third-party customer represented approximately 21% of our gathering revenues.

Our Relationship with Rice Energy

In addition to being a high-quality anchor customer, we believe that our relationship with Rice Energy will provide us with competitive advantages to position us to become a leading midstream energy company in the Appalachian Basin. Because of its ownership interest in GP Holdings, the owner of our incentive distribution rights and a 41% limited partner interest in us, Rice Energy is positioned to directly benefit from the growth of our business through organic initiatives or acquisitions, including acquisitions of its retained midstream assets. In particular, we have a right of first offer on all of Rice Energy's interests in its gas gathering system in the core of the Utica Shale in Belmont County, Ohio. The gathering system consists of an aggregate of 54 miles of high-pressure gas gathering pipeline with capacity of 2.6 MMDth/d in the core of the Utica Shale in Belmont County and Monroe County, Ohio. Average daily throughput on Rice Energy's Ohio gathering system for the three months ended December 31, 2015 was 247 MDth/d. This system services approximately 38,000 and 20,000 net acres of the current positions of Rice Energy and Gulfport Energy Corporation ("Gulfport"), respectively, in Belmont County, Ohio.

On February 1, 2016, Strike Force Midstream Holdings LLC (“Strike Force Holdings”), Rice Energy’s wholly-owned subsidiary, and Gulfport Midstream Holdings, LLC, a wholly-owned subsidiary of Gulfport, entered into an Amended and Restated Limited Liability Company Agreement of Strike Force Midstream LLC (“Strike Force Midstream”) to engage in the natural gas midstream business in approximately 319,000 acres in Belmont and Monroe Counties, Ohio. Strike Force Holdings owns a 75% membership interest in Strike Force Midstream.

While we believe that we are well positioned to be the ultimate acquirer of these retained midstream assets from Rice Energy, including those subject to our right of first offer, Rice Energy is under no obligation to contribute these assets to us. Furthermore, our relationship with Rice Energy poses potential conflicts of interest in connection with any such acquisition. Any decision to exercise our right of first offer will require the approval of the board of directors of our general partner, all of the members of which are appointed by Rice Energy as the indirect owner of our general partner. For more information regarding our relationship with Rice Energy, please read “Item 13. Certain Relationships and Related Transactions, and Director Independence Procedures for Review, Approval and Ratification of Related Person Transactions.”

Rice Energy’s Existing Third-Party Commitments

In connection with its acquisition of approximately 19,000 gross acres in southwestern Greene County, Pennsylvania, Rice Energy assumed a dedication obligation to Williams Partners L.P., formerly known as Access Midstream Partners, under an existing gas gathering agreement, which Rice Energy renegotiated in February 2016. As such, the dedicated area from Rice Energy to us excludes the first 40.0 MDth/d of Rice Energy’s Marcellus Shale dry gas production from an area roughly encompassing three townships in southwestern Greene County dedicated to Williams Partners L.P.

In addition, Rice Energy has entered into contracts with MarkWest Energy Partners LP (“MarkWest”), pursuant to which MarkWest will construct gas gathering facilities to gather Rice Energy’s Utica Shale production from certain dedicated areas in Ohio, including portions of Belmont County, which Rice Energy anticipates will produce wet gas requiring processing.

Title to Properties and Rights-of-Way

Our real property is classified into two categories: (1) parcels that we own in fee and (2) parcels in which our interest derives from leases, easements, rights-of-way, permits or licenses from landowners or governmental authorities, permitting the use of such land for our operations. Portions of the land on which our pipelines and major facilities are located are owned by us in fee title, and we believe that we have satisfactory title to these lands. The remainder of the land on which our pipelines and major facilities are located are held by us pursuant to surface leases between us, as lessee, and the fee owner of the lands, as lessors. We have leased or owned these lands without any material challenge known to us relating to the title to the land upon which the assets are located, and we believe that we have satisfactory leasehold estates or fee ownership of such lands. We have no knowledge of any challenge to the underlying fee title of any material lease, easement, right-of-way, permit or license held by us or to our title to any material lease, easement, right-of-way, permit or lease, and we believe that we have satisfactory title to all of its material leases, easements, rights-of-way, permits and licenses.

Some of the leases, easements, rights-of-way, permits and licenses that were transferred to us from Rice Energy required the consent of the grantor of such rights, which in certain instances is a governmental entity. Rice Energy obtained sufficient third-party consents, permits and authorizations for the transfer of the assets necessary to enable us to operate our business in all material respects. With respect to any remaining consents, permits or authorizations that have not been obtained, we have determined these will not have a material adverse effect on the operation of our business should we or Rice Energy fail to obtain such consents, permits or authorization in a reasonable time frame.

Seasonality

Demand for natural gas generally decreases during the spring and fall months and increases during the summer and winter months. However, seasonal anomalies such as mild winters or mild summers sometimes lessen this fluctuation. In addition, certain natural gas users utilize natural gas storage facilities and purchase some of their anticipated winter requirements during the summer. This can also lessen seasonal demand fluctuations. These seasonal anomalies can increase demand for our services during the summer and winter months and decrease demand for our services during the spring and fall months.

Competition

As a result of our relationship with Rice Energy, we do not compete for the portion of Rice Energy's existing operations for which we currently provide midstream services and will not compete for future portions of Rice Energy's operations within our dedicated areas. However, we will face competition in attracting third-party volumes to our gathering and compression systems and third-party customers for our water services business. In addition, these third parties may develop their own gathering and compression systems or water distribution systems in lieu of employing our assets. Our ability to attract such third-party volumes to our gathering and compression systems and third-party customers for our water services business depends on our ability to evaluate and select suitable projects and to consummate transactions in a highly competitive

environment. Also, there is substantial competition for capital available for investment in the natural gas industry. Many of our competitors possess and employ financial, technical and personnel resources substantially greater than ours. In addition, other companies may be able to offer better compensation packages to attract and retain qualified personnel than we are able to offer. We may not be able to compete successfully in the future in attracting third-party volumes to our gathering and compression systems or third-party customers for our water services business, attracting and retaining quality personnel, and raising additional capital, which could have a material adverse effect on our business.

Regulation of Operations

Regulation of pipeline gathering services may affect certain aspects of our business and the market for our services. Historically, the transportation and sale for resale of natural gas in interstate commerce have been regulated by agencies of the U.S. federal government, primarily the Federal Energy Regulatory Commission (“FERC”). FERC regulates interstate natural gas transportation rates and service conditions, which affects the marketing of natural gas that Rice Energy produces, as well as the revenues Rice Energy receives for sales of their natural gas.

The transportation and sale for resale of natural gas in interstate commerce is regulated primarily under the Natural Gas Act (“NGA”) and by regulations and orders promulgated under the NGA by FERC. In certain limited circumstances, intrastate transportation, gathering, and wholesale sales of natural gas may also be affected directly or indirectly by laws enacted by Congress and by FERC regulations.

Gathering service, which occurs upstream of jurisdictional transmission services, is regulated by the states onshore and in state waters. Although its policy is still in flux, FERC has reclassified certain jurisdictional transmission facilities as non-jurisdictional gathering facilities, which has the tendency to increase Rice Energy’s costs of getting gas to point of sale locations. State regulation of natural gas gathering facilities generally include various safety, environmental and, in some circumstances, nondiscriminatory-take requirements. Although such regulation has not generally been affirmatively applied by state agencies, states are currently pursuing regulatory programs intended to safely build pipeline infrastructure. For instance, the Pennsylvania Pipeline Infrastructure Task Force is currently developing policies and guidelines to assist in pipeline development to, among other goals, ensure pipeline safety and integrity during operation of the pipeline.

Intrastate natural gas transportation is also subject to regulation by state regulatory agencies. The basis for intrastate regulation of natural gas transportation and the degree of regulatory oversight and scrutiny given to intrastate natural gas pipeline rates and services varies from state to state. Insofar as our assets are determined to be intrastate transportation facilities, such regulation within a particular state will generally affect all intrastate natural gas shippers within the state on a comparable basis, and we believe that the regulation of similarly situated intrastate natural gas transportation in any states in which we operate and ship natural gas on an intrastate basis would not affect our operations in any way that is of material difference from those of our competitors. Like the regulation of interstate transportation rates, the regulation of intrastate transportation rates affects the marketing of natural gas that Rice Energy produces, as well as the revenues Rice Energy receives for sales of their natural gas.

Changes in law and to FERC policies and regulations may adversely affect the availability and reliability of firm and/or interruptible transportation service on interstate pipelines, and we cannot predict what future action FERC will take. We do not believe, however, that any regulatory changes will affect us in a way that materially differs from the way they will affect other natural gas gatherers with which we compete.

The Energy Policy Act of 2005 (“EPA 2005”) amended the NGA to add an anti-market manipulation provision which makes it unlawful for any entity to engage in prohibited behavior to be prescribed by FERC, and furthermore provides FERC with additional civil penalty authority. EPA 2005 provided FERC with the power to assess civil penalties of up to \$1,000,000 per day for violations of the NGA and increases FERC’s civil penalty authority under the Natural Gas Policy Act (“NGPA”) from \$5,000 per violation per day to \$1,000,000 per violation per day. The civil penalty provisions are applicable to entities that engage in the transportation and sale of natural gas for resale in interstate commerce. In Order No. 670, the FERC promulgated rules implementing the anti-market manipulation provision of EPA 2005. The rules make it unlawful: (1) in connection with the purchase or sale of natural gas subject to the jurisdiction of FERC, or the purchase or sale of transportation services subject to the jurisdiction of FERC, for any entity, directly or indirectly, to use or employ any device, scheme or artifice to defraud; (2) to make any untrue statement of material fact or omit to make any such statement necessary to make the statements made not misleading;

or (3) to engage in any act or practice that operates as a fraud or deceit upon any person. The anti-market manipulation rule does not apply to activities that relate only to intrastate or other non-jurisdictional sales or gathering, but does apply to activities of gas pipelines and storage companies that provide interstate services, as well as otherwise non-jurisdictional entities to the extent the activities are conducted “in connection with” gas sales, purchases or transportation subject to FERC jurisdiction.

Gathering Pipeline Regulation

Section 1(b) of the NGA exempts natural gas gathering facilities from regulation by the FERC as a natural gas company under the NGA. We believe that the natural gas pipelines in our gathering systems meet the traditional tests the FERC has used to establish whether a pipeline is a gathering pipeline not subject to FERC jurisdiction as a natural gas company. However, the distinction between FERC-regulated transmission services and federally unregulated gathering services is the subject of ongoing litigation, so the classification and regulation of our gathering facilities are subject to change based on future determinations by the FERC, the courts, or Congress. If the FERC were to consider the status of an individual facility and determine that the facility and/or services provided by it are not exempt from FERC regulation, the rates for, and terms and conditions of, services provided by such facility would be subject to regulation by the FERC. Such regulation could decrease revenue, increase operating costs, and, depending upon the facility in question, could adversely affect our results of operations and cash flows. In addition, if any of our facilities were found to have provided services or otherwise operated in violation of the NGA or the NGPA, this could result in the imposition of civil penalties as well as a requirement to disgorge charges collected for such service in excess of the cost-based rate established by the FERC.

While our systems have not been regulated by FERC as a natural gas company under the NGA, we are required to report aggregate volumes of natural gas purchased or sold at wholesale to the extent such transactions utilize, contribute to, or may contribute to the formation of price indices. In addition, Congress may enact legislation or FERC may adopt regulations that may subject certain of our otherwise non-FERC jurisdictional facilities to further regulation. Failure to comply with those regulations in the future could subject us to civil penalty liability. State regulation of gathering facilities generally includes various safety, environmental and, in some circumstances, nondiscriminatory take requirements and complaint-based rate regulation. Our natural gas gathering facilities are not subject to rate regulation or open access requirements by the Pennsylvania Public Utilities Commission. However, the Pennsylvania Public Utilities Commission requires us to register as pipeline operators, pay assessment and registration fees, undergo inspections, and report annually on the miles of pipeline we operate. We cannot predict what new or different regulations federal and state regulatory agencies may adopt, or what effect subsequent regulation may have on our activities. Such regulations may have a material adverse effect on our financial condition, result of operations and cash flows.

Pipeline Safety Regulation

Some of our pipelines are subject to regulation by the Pipeline and Hazardous Materials Safety Administration (“PHMSA”), pursuant to the Natural Gas Pipeline Safety Act of 1968 (“NGPSA”), and the Pipeline Safety Improvement Act of 2002 (“PSIA”), as reauthorized and amended by the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006 (the “PIPES Act”). The NGPSA regulates safety requirements in the design, construction, operation and maintenance of gas pipeline facilities, while the PSIA establishes mandatory inspections for all U.S. oil and natural gas transmission pipelines in high-consequence areas (“HCAs”).

The PHMSA has developed regulations that require pipeline operators to implement integrity management programs, including more frequent inspections and other measures to ensure pipeline safety in HCAs. 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;
- improve data collection, integration and analysis;
- repair and remediate pipelines as necessary; and
- implement preventive and mitigating actions.

The 2011 Pipeline Safety Act reauthorizes funding for federal pipeline safety programs, increases penalties for safety violations, establishes additional safety requirements for newly constructed pipelines, and requires studies of certain safety issues that could result in the adoption of new regulatory requirements for existing pipelines. The 2011 Pipeline Safety Act, among other things, increases the maximum civil penalty for pipeline safety violations and directs the Secretary of Transportation to promulgate rules or standards relating to expanded integrity management requirements, automatic or remote-controlled valve use, excess flow valve use, leak detection system installation and testing to

confirm the material strength of pipe operating above 30% of specified minimum yield strength in high consequence areas. Moreover, the 2011 Pipeline Safety Act also increases the maximum penalty for violation of pipeline safety regulations from \$100,000 to \$200,000 per violation per day of violation and also from \$1.0 million to \$2.0 million for a related series of violations. The safety enhancement requirements and other provisions of the 2011 Pipeline Safety Act as well as any implementation of PHMSA regulations thereunder or any issuance or reinterpretation of PHMSA guidance with respect thereto could require us to install new or modified safety controls, pursue additional capital projects or conduct maintenance programs on an accelerated basis, any of

which could result in our incurring increased operating costs that could have a material adverse effect on our results of operations or financial position.

PHMSA regularly revises its pipeline safety regulations. For example, in March of 2015, PHMSA finalized new rules applicable to gas and hazardous liquid pipelines that, among other changes, impose new post-construction inspections, welding, gas component pressure testing requirements, as well as requirements for calculating pressure reductions for immediate repairs on liquid pipelines. More recently, in October 2015, PHMSA proposed new regulations for hazardous liquid pipelines that would significantly extend and expand the reach of certain PHMSA integrity management requirements (i.e., periodic assessments, repairs and leak detection), regardless of the pipeline's proximity to a high consequence area. The proposal also requires new reporting requirements for certain unregulated pipelines, including all gathering lines. Additional future regulatory action expanding PHMSA jurisdiction and imposing stricter integrity management requirements is likely. For example, in December 2015, the Senate Commerce Committee approved legislation that, among other things, requires PHMSA to conduct an assessment of its inspections process and integrity management programs for natural gas and hazardous liquid pipelines. The legislation would also require PHMSA to prioritize various rulemakings required by the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 and propose and finalize the rules mandated by the act. If enacted, this legislation could result in PHMSA proposing additional integrity management requirements for our regulated pipelines. At this time, we cannot predict the cost of such requirements, but they could be significant. In addition, in July 2014, the EPA Office of Inspector General recommended that EPA work with PHMSA to address methane leaks from a combined environmental and safety perspective, and also develop a strategy to address the financial and policy barriers that hinder further methane reductions from the transmission and distribution sectors. Further, in January 2015 EPA unveiled a plan to cut methane emissions from the oil and gas sector by 40 to 45 percent by 2025, using 2012 methane emissions as a baseline. As part of that plan, EPA called for PHMSA to propose new standards and programs to reduce methane leaks from natural gas transportation and distribution lines. While we cannot predict the outcome of legislative or regulatory initiatives, such regulatory changes and any legislative changes could have a material effect on our operations, particularly by extending more stringent and comprehensive safety regulations (such as integrity management requirements) to pipelines and gathering lines not previously subject to such requirements. While we expect any legislative or regulatory changes to allow us time to become compliant with new requirements, costs associated with compliance may have a material effect on our operations.

States are largely preempted by federal law from regulating pipeline safety for interstate lines but most are certified by the U.S. Department of Transportation ("DOT") to assume responsibility for enforcing federal intrastate pipeline regulations and inspection of intrastate pipelines. For example, in Pennsylvania the Gas Safety Section of the Bureau of Investigation and Enforcement (within the Pennsylvania Public Utilities Commission) inspects and enforces the pipeline safety regulations for intrastate gas pipeline operators. States may adopt stricter standards for intrastate pipelines than those imposed by the federal government for interstate lines; however, states vary considerably in their authority and capacity to address pipeline safety. State standards may include more stringent requirements for facility design and management in addition to requirements for pipelines. We do not anticipate any significant difficulty in complying with applicable state laws and regulations. We expect to incur increasing regulatory compliance costs, based on the intensification of the regulatory environment and upcoming changes to regulations as outlined above. In addition to regulatory changes, costs may be incurred when there is an accidental release of a commodity gathered on our system, or a regulatory inspection identifies a deficiency in our required programs.

Regulation of Environmental and Occupational Safety and Health Matters

General

Our natural gas gathering, compression and water services activities are subject to stringent and complex federal, state and local laws and regulations relating to the protection of the environment. As an owner or operator of these facilities, we must comply with these laws and regulations at the federal, state and local levels. These laws and regulations can restrict or impact our business activities in many ways, such as:

- requiring the installation of pollution-control equipment, imposing emission or discharge limits or otherwise restricting the way we operate resulting in additional costs to our operations;
- limiting or prohibiting construction activities in areas, such as air quality nonattainment areas, wetlands, coastal regions, endangered species habitat and other protected areas;

•delaying system modification or upgrades during review of permit applications and revisions;
•requiring investigatory and remedial actions to mitigate discharges, releases or pollution conditions associated with our operations or attributable to former operations; and

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enjoining operations deemed to be in non-compliance with permits issued pursuant to, or regulatory requirements imposed by, such environmental laws and regulations.

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 and natural resource damages. Certain environmental statutes impose strict joint and several liability for costs required to clean up and restore sites where hazardous substances, hydrocarbons or solid wastes have been disposed or otherwise released. Moreover, neighboring landowners and other third parties may file common law claims for personal injury and property damage allegedly caused by the release of hazardous substances, hydrocarbons or other pollutants into the environment.

The trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment and 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 different from the amounts we currently anticipate. As with the midstream industry in general, complying with current and anticipated environmental laws and regulations can increase our capital costs to construct, maintain and operate equipment and facilities. While these laws and regulations affect our maintenance capital expenditures and net income, we do not believe they will have a material adverse effect on our business, financial position or results of operations or cash flows, nor do we believe that they will affect our competitive position since the operations of our competitors are generally similarly affected. In addition, we believe that the various activities in which we are presently engaged that are subject to environmental laws and regulations are not expected to materially interrupt or diminish our operational ability to gather natural gas or obtain and deliver water. We cannot assure you, however, that future events, such as changes in existing laws or enforcement policies, the promulgation of new laws or regulations, or the development or discovery of new facts or conditions will not cause us to incur significant costs. Below is a discussion of the material environmental laws and regulations that relate to our business.

Hydraulic Fracturing Activities

Hydraulic fracturing is an important and common practice that is used to stimulate production of natural gas and oil from dense subsurface rock formations. The hydraulic fracturing process involves the injection of water, sand, and chemicals under pressure through a cased and cemented wellbore into targeted subsurface formations to fracture the surrounding rock and stimulate production. Our customers regularly use hydraulic fracturing as part of their operations as does most of the domestic oil and natural gas industry. Hydraulic fracturing typically is regulated by state oil and natural gas commissions, but the EPA has asserted regulatory authority pursuant to the 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. EPA has moved forward with various regulatory actions, including regulations under the federal Clean Air Act governing standards, reporting, and permitting for emissions relating to natural gas development operations; an advanced notice of proposed rulemaking in March 2014 under the Toxic Substances Control Act that would require companies to disclose information regarding the chemicals used in hydraulic fracturing; and proposed rules in April 2015 to prohibit the discharge of wastewater from hydraulic fracturing operations to publicly owned wastewater treatment plants. In addition, the Bureau of Land Management (“BLM”) finalized rules in March 2015 that impose new or more stringent standards for performing hydraulic fracturing on federal and American Indian lands. The U.S. District Court of Wyoming has temporarily stayed implementation of this rule. A final decision has not yet been issued.

White House Council on Environmental Quality is coordinating an administration-wide review of hydraulic fracturing practices, and, in June 2015, the EPA released its draft report on the potential impacts of hydraulic fracturing on drinking water resources, which concluded that hydraulic fracturing activities have not led to widespread, systemic impacts on drinking water resources in the United States, although there are above and below ground mechanisms by which hydraulic fracturing activities have the potential to impact drinking water resources. The draft report is expected to be finalized after a public comment period and a formal review by the EPA’s Science Advisory Board. Other governmental agencies, including the U.S. Department of Energy and the U.S. Department of the Interior, are evaluating various other aspects of hydraulic fracturing. These or future studies could spur initiatives to further regulate hydraulic fracturing under the federal SDWA or other regulatory mechanisms.

Presently, hydraulic fracturing is regulated primarily at the state level, typically by state oil and natural gas commissions and similar agencies. In July 2015, the Ohio Department of Natural Resources issued final rules for

horizontal drilling well-pad construction. Along with several other states, Pennsylvania (where we conduct a majority of our operations) has adopted laws and proposed regulations that require oil and natural gas operators to disclose chemical ingredients and water volumes used to hydraulically fracture wells, in addition to more stringent well construction and monitoring requirements. In addition, in January 2016, the Pennsylvania Department of Environmental Protection (“PADEP”) issued new rules establishing stricter disposal requirements for wastes associated with hydraulic fracturing activities, which include, among other things, a prohibition on the use of centralized impoundments for the storage of drill cuttings and waste fluids. Further, these rules include new requirements relating to storage tank vandalism, secondary containment for storage vessels, construction rules for gathering lines and horizontal

drilling under streams, and temporary transport lines for freshwater and wastewater. Moreover, local governments may also adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular or prohibit the performance of well drilling in general or hydraulic fracturing in particular. Although the Pennsylvania legislature passed legislation to make regulation of drilling uniform throughout the state, the Pennsylvania Supreme Court in *Robinson Township v. Commonwealth of Pennsylvania* struck down portions of that legislation. Following this decision, local governments in Pennsylvania may increasingly adopt ordinances relating to drilling and hydraulic fracturing activities, especially within residential areas. If new or more stringent federal, state, or local legal restrictions relating to the hydraulic fracturing process are adopted in areas where Rice Energy operates, Rice Energy could incur potentially significant added costs to comply with such requirements, experience delays or curtailment in the pursuit of exploration, development, or production activities, and perhaps even be precluded from drilling wells. Any such added costs or delays for Rice Energy, could significantly affect our operations. In addition, if the amount of water needed to hydraulically fracture wells is unavailable or if flowback water disposal options become more limited, Rice Energy may experience added costs or delays, which could significantly affect our operations.

Hazardous Waste

The federal Resource Conservation and Recovery Act (“RCRA”), and comparable state laws, impose requirements for the handling, storage, treatment and disposal of nonhazardous and hazardous waste. RCRA currently exempts certain wastes associated with the exploration, development or production of crude oil and natural gas, which we handle in the course of our operations, including produced water. However, these oil and gas exploration and production wastes may still be regulated by the EPA or state agencies under RCRA’s less stringent nonhazardous solid waste provisions or other federal laws, or state laws, and it is possible that certain oil and natural gas exploration and production wastes now classified as non-hazardous could be classified as hazardous waste in the future. For example, from time to time certain environmental groups have petitioned or sued the EPA to remove the RCRA’s exemption for wastes associated with the exploration, development or production of crude oil and natural gas. If such changes were to occur, it could have a significant impact on our operating costs, as well as the natural gas and oil industry in general. Moreover, some ordinary industrial wastes which we generate, such as paint wastes, waste solvents, laboratory wastes and waste oils, may be regulated as hazardous wastes if they have hazardous characteristics.

Site Remediation

We currently own, lease or operate, and may have in the past owned, leased or operated, properties that have been used for the gathering and compression of natural gas. Although we typically used operating and disposal practices that were standard in the industry at the time, petroleum hydrocarbons or wastes may have been disposed of or released on or under the properties owned or leased by it or on or under other locations where such substances have been taken for disposal. Such petroleum hydrocarbons or wastes may have migrated to property adjacent to our owned and leased sites or the disposal sites. In addition, some of the properties may have been operated by third parties or by previous owners whose treatment and disposal or release of petroleum hydrocarbons or wastes was not under our control.

The Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), also known as the Superfund law, and comparable state laws impose liability without regard to fault or the legality of the original conduct, on certain classes of persons responsible for the release of hazardous substances into the environment. Under CERCLA, such classes of persons include the current and past owners or operators of sites where a hazardous substance was released, and companies that disposed or arranged for disposal of hazardous substances at offsite locations, such as landfills. CERCLA authorizes the EPA, states, and, in some cases, third parties to take actions in response to releases or threatened releases of hazardous substances into the environment and to seek to recover from the classes of responsible persons the costs they incur to address the release. Under CERCLA, we could be subject to strict joint and several liability for the costs of cleaning up and restoring sites where hazardous substances have been released into the environment and for damages to natural resources, and it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment. In some states, including Pennsylvania, site remediation of oil and natural gas facilities is regulated by state agencies with jurisdiction over oil and natural gas operations. The regulated releases and remediation activities, including the classes of persons that may be held responsible for releases

of hazardous substances, may be broader than those regulated under CERCLA or RCRA. Although natural gas is excluded from CERCLA's definition of "hazardous substance," in the course of our ordinary operations we may handle substances or wastes designated as hazardous. These properties and the substances disposed or released on them may be subject to CERCLA, RCRA and analogous state laws. Under such laws, we could be required to remove previously disposed wastes, including waste disposed of by prior owners or operators; remediate contaminated property, including groundwater contamination, whether from prior owners or operators or other historic activities or spills; or perform remedial operations to prevent future contamination. We are not currently a potentially responsible party in any federal or state Superfund site remediation and there are no current, pending or anticipated Superfund response or remedial

activities at our facilities.

Air Emissions

The federal Clean Air Act, and comparable state laws, regulate emissions of air pollutants from various industrial sources, including natural gas processing plants and compressor stations, and also impose various preconstruction requirements, emission limits, operational limits and monitoring, reporting and recordkeeping requirements on air emission sources. Recently, in October 2015, the EPA lowered the National Ambient Air Quality Standard (“NAAQS”) for ozone from 75 to 70 parts per billion for both the 8-hour primary and secondary standards. State implementation of the revised NAAQS could result in stricter permitting requirements, delay or prohibit our ability to obtain such permits, and result in increased expenditures for pollution control equipment, the costs of which could be significant. Failure to comply with these requirements could result in monetary penalties, injunctions, conditions or restrictions on operations, and/or criminal enforcement actions. Such laws and regulations, for example, require preconstruction permits, such as Prevention of Significant Deterioration, or PSD permits, for the construction or modification of certain projects or facilities with the potential to emit air pollutants above certain thresholds. Preconstruction permits generally require use of best available control technology (“BACT”) to limit air emissions. Several federal and state new source performance standards and national emission standards for hazardous air pollutants and analogous state law requirements, also apply to our facilities and operations. These applicable federal and state standards impose emission limits and operational limits as well as detailed testing, recordkeeping and reporting requirements on the facilities subject to these regulations. Several of our facilities are “major” facilities requiring Title V operating permits which impose semi-annual reporting requirements. Also, in January 2016, PADEP announced new rules that would require a new general permit for oil and gas exploration, development, and production facilities and liquids loading activities, requiring best available technology for equipment and processes, enhanced record-keeping, and quarterly monitoring inspections for the control of methane emissions. The PADEP also intends to issue similar methane rules for existing sources. In addition, the department has also proposed to establish Best Management Practices, including leak detection and repair programs, to reduce fugitive methane emissions from production, gathering, processing, and transmission facilities. These rules have the potential to increase our compliance costs.

We may incur capital expenditures in the future for air pollution control equipment in connection with complying with existing and recently proposed rules, or with obtaining or maintaining operating or preconstruction permits and complying with federal, state and local regulations related to air emissions (including air emission reporting requirements). However, we do not believe that such requirements will have a material adverse effect on our operations and we believe such requirements will not be any more burdensome to us than to other similarly situated companies.

Water Discharges

The Federal Water Pollution Control Act, or the Clean Water Act (the “CWA”), and analogous state laws impose restrictions and strict controls with respect to the discharge of pollutants, including sediment, and spills and releases of oil, brine and other substances into waters of the United States. The discharge of pollutants into jurisdictional waters or wetlands is prohibited except in accordance with the terms of a permit issued by the EPA, the U.S. Army Corps of Engineers or a delegated state agency. In September 2015, new EPA and U.S. Army Corps of Engineers rules defining the scope of the EPA’s and the Corps’ jurisdiction became effective. To the extent the rule expands the scope of the CWA’s jurisdiction, we could face increased costs and delays with respect to obtaining permits for activities in wetland areas. The rule has been challenged in court on the grounds that it unlawfully expands the reach of CWA programs, and implementation of the rule has been stayed pending resolution of the court challenge. The process for obtaining permits has the potential to delay our operations. Federal and state regulatory agencies can impose administrative, civil and criminal penalties for non-compliance with permits or other requirements of the CWA and analogous state laws and regulations. We believe that we maintain all required discharge permits necessary to conduct our operations. Any unpermitted release of petroleum or other pollutants from our operations could result in government penalties and administrative, civil or criminal liability.

Occupational Safety and Health Act

We are subject to the requirements of the federal Occupational Safety and Health Act (“OSHA”), as amended. Specifically, OSHA’s hazard communication standard, the Emergency Planning and Community Right-to-Know Act and implementing regulations, and similar state statutes and regulations, require that information be maintained about

hazardous materials used or produced in our operations and that this information be provided to state and local government authorities and citizens. Certain of our operations are also subject to OSHA Process Safety Management regulations, which are designed to prevent or minimize the consequences of catastrophic releases of toxic, reactive, flammable or explosive material.

Endangered Species and Migratory Bird Treaty Act

The Endangered Species Act (“ESA”) and analogous state laws restrict activities that may affect endangered or threatened species or their habitats. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act. Some of our pipelines are located in areas that are or may be designated as protected habitats for endangered or threatened species, including the Indiana Bat, which has a seasonal impact on our construction activities and operations. The future listing of previously unprotected species in areas where we conduct or may conduct operations, or the designation of critical habitat in these areas, could cause us to incur increased costs arising from species protection measures or could result in limitations on our operating activities, which could have an adverse impact on our results of operations. For example, in April 2015, the U.S. Fish and Wildlife Service listed the northern long-eared bat, whose habitat includes the areas in which we operate, as a threatened species under the ESA. A critical habitat or suitable habitat designation could result in further material restrictions to federal land use and may materially delay or prohibit access to protected areas that lay within our areas of operation.

Climate Change

In December 2009, the EPA determined that emissions of greenhouse gases (“GHGs”) present an endangerment to public health and the environment because emissions of such gases are, according to the EPA, contributing to the warming of the earth’s atmosphere and other climatic changes. Based on these findings, EPA adopted regulations under existing provisions of the federal Clean Air Act that establish pre-construction and operating permit requirements for GHG emissions from certain large stationary sources. Under these regulations, for example, facilities required to obtain PSD permits because of their potential criteria pollutant emissions must comply with BACT-driven GHG permit limits established by the states or, in some cases, by the EPA, on a case-by-case basis. The EPA has also adopted rules requiring the monitoring and reporting of GHG emissions from specified sources in the United States, including, among others, certain onshore oil and natural gas processing and fractionating facilities. In December 2015, the EPA finalized rules that added new sources to the scope of the GHG monitoring and reporting rule. These new sources include gathering and boosting facilities as well as completions and workovers from hydraulically fractured oil wells. These changes to EPA’s GHG emissions reporting rule could result in increased compliance costs. We are monitoring GHG emissions from our operations in accordance with the GHG emissions reporting rule.

Additionally, while Congress has from time to time considered legislation to reduce emissions of GHGs, the prospect for adoption of significant legislation at the federal level to reduce GHG emissions is perceived to be low at this time. Nevertheless, the Obama Administration has announced it intends to adopt additional regulations to reduce emissions of GHGs and to encourage greater use of low carbon technologies. In August 2015, the EPA proposed a suite of requirements and draft guidance related to the reduction in methane emissions from certain equipment and processes in the oil and natural gas source category, including production, processing, transmission and storage activities.

The BLM and the PADEP have also proposed rules related to the control of methane emissions. Compliance with rules to control methane emissions will likely require enhanced record-keeping practices, the purchase of new equipment such as optical gas imaging instruments to detect leaks, and the increased frequency of maintenance and repair activities to address emissions leakage. The rules will also likely require hiring additional personnel to support these activities or the engagement of third party contractors to assist with and verify compliance. These new and proposed rules could result in increased compliance costs on our operations. PADEP also recently announced an initiative to restrict methane emissions from natural gas development activities. Under the proposed changes, operators in Pennsylvania would need to (i) obtain an air quality general permit in advance of operations, (ii) control releases, and (iii) report emissions.

Although it is not possible at this time to predict how legislation or new regulations that may be adopted to address GHG emissions would impact our business, any such future laws and regulations that limit emissions of GHGs could adversely affect demand for the oil and natural gas that exploration and production operators produce, some of whom are our customers, which could thereby reduce demand for our midstream services. Finally, it should be noted that some scientists have concluded that increasing concentrations of GHGs in the Earth’s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts and floods and other climatic events; if any such effects were to occur, it is uncertain if they would have an adverse effect on our financial condition and operations.

Although we have not experienced any material adverse effect from compliance with environmental requirements, there is no assurance that this will continue.

Employees

We do not have any employees. The officers of our general partner, who are also officers of Rice Energy, manage our operations and activities. As of December 31, 2015, Rice Energy employed approximately 74 people who provide direct support to our operations. All of the employees required to conduct and support our operations are employed by Rice Energy and seconded to us pursuant to a secondment agreement and all of our Rice Energy full-time personnel are subject to our omnibus agreement with Rice Energy (“Omnibus Agreement”).

Facilities

Rice Energy’s corporate headquarters are in Canonsburg, Pennsylvania. Pursuant to the Omnibus Agreement, we reimburse Rice Energy for our proportionate share of Rice Energy’s costs to lease the building.

Available Information

Our website is available at www.ricemidstream.com. Information contained on or connected to our website is not incorporated by reference into this Annual Report and should not be considered part of this report or any other filing we make with the SEC. We make available, free of charge, on our website, the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, as soon as reasonably practicable after filing such reports with the SEC. Other information such as presentations, our Corporate Governance Guidelines, the charter of the Audit Committee and the Code of Business Conduct and Ethics are available on our website and in print to any unitholder who provides a written request to the Corporate Secretary at 400 Woodcliff Drive, Canonsburg, Pennsylvania 15317. Our Code of Business Conduct and Ethics applies to all directors, officers and employees, including the Chief Executive Officer and Chief Financial Officer.

The public may read and copy any materials that we file with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Also, the SEC maintains a website that contains reports and information statements, and other information regarding issuers that file electronically with the SEC. The public can obtain any document that we file with the SEC at www.sec.gov.

Item 1A. Risk Factors

You should carefully consider the following risk factors together with all of the other information included in this Annual Report, including the matters addressed under “Cautionary Statement Regarding Forward-Looking Statements,” in evaluating an investment in our common units. If any of the following risks were to occur, our business, financial condition, results of operations and cash available for distribution could be materially adversely affected.

Risks Related to Our Business

Because a substantial majority of our revenue currently is, and over the long term is expected to be, derived from Rice Energy, any development that materially and adversely affects Rice Energy’s operations, financial condition or market reputation could have a material and adverse impact on us.

For the year ended December 31, 2015, Rice Energy accounted for approximately 79% of our gathering revenues and 87% of our water services revenues. We are substantially dependent on Rice Energy as our most significant current customer, and we expect to derive a substantial majority of our revenues from Rice Energy for the foreseeable future.

As a result, any event, whether in our dedicated areas or otherwise, that adversely affects Rice Energy’s production, drilling and completion schedule, financial condition, leverage, market reputation, liquidity, results of operations or cash flows may adversely affect our revenues and cash available for distribution. Accordingly, we are indirectly subject to the business risks of Rice Energy, including, among others:

- a reduction in or slowing of its anticipated drilling and production schedule, which would directly and adversely impact demand for our gathering and compression and water services;
- the volatility of natural gas prices, which could have a negative effect on the value of its properties, its drilling programs or its ability to finance its operations;
- changes in regulations or statutes applicable to us or Rice Energy, which could have a negative effect on the value of our facilities or services or Rice Energy’s properties, its drilling programs or its ability to finance its operations;
- the availability of capital on an economic basis to fund its exploration and development activities;
- its ability to replace reserves;
- its drilling and operating risks, including potential environmental liabilities; and
- its access to downstream transportation capacity and any constraints or interruptions thereof.

Further, we are subject to the risk of non-payment or non-performance by Rice Energy, including with respect to our gathering and compression agreement and water services agreements. We cannot predict the extent to which Rice Energy’s business would be impacted if conditions in the energy industry were to deteriorate, nor can we estimate the impact such conditions would have on Rice Energy’s ability to execute its drilling and development program or perform under our gathering and compression agreement or our amended and restated water services agreements with Rice Energy (“Water Services Agreements”). Any material non-payment or non-performance by Rice Energy could reduce our ability to make distributions to our unitholders.

Also, due to our relationship with Rice Energy, our ability to access the capital markets, or the pricing or other terms of any capital markets transactions, may be adversely affected by any impairment to Rice Energy’s financial condition or adverse changes in its credit ratings. Any material limitation on our ability to access capital as a result of such adverse changes at Rice Energy 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 Rice Energy could negatively impact our unit price, limiting our ability to raise capital through equity issuances or debt financing, or 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.

Unless we are successful in attracting significant unaffiliated third-party customers, our ability to maintain or increase the capacity subscribed and the volumes gathered on our gathering system will be dependent on receiving consistent or increasing commitments from Rice Energy. While Rice Energy has dedicated acreage to us, and entered into long-term contracts for the services of our systems, it may determine in the future that drilling in areas outside of our dedicated areas is strategically more attractive and it is under no contractual obligation to maintain its production dedicated to us. A reduction in the volumes gathered on our systems by Rice Energy could have a material adverse effect on our business, financial condition, results or operations and ability to make quarterly cash distributions to our unitholders.

We may not generate sufficient cash from operations following the establishment of cash reserves and payment of fees and expenses, including cost reimbursements to our general partner, to enable us to pay the minimum quarterly distribution to our unitholders.

We may not generate sufficient cash flow each quarter to support the payment of the minimum quarterly distribution or to increase our quarterly distributions in the future. 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 volume of natural gas we gather and compress;
- the volume of fresh water we distribute and produced water we handle;
- the rates we charge for our gathering and compression services and water services;
- the market price of natural gas and its effect on Rice Energy's and third parties' drilling schedule as well as produced volumes;
- Rice Energy's and our third-party customers' ability to fund their drilling programs;
- adverse weather conditions;
 - the level of our operating, maintenance and general and administrative costs;
- regulatory action affecting the supply of, or demand for, natural gas, the rates we can charge for our services, how we contract for services, our existing contracts, our operating costs or our operating flexibility; and
- prevailing economic conditions.

In addition, the actual amount of cash we will have available for distribution will depend on other factors, including: the level, timing and amounts of capital expenditures we make, which amounts could be impacted by costs of labor and materials;

- our debt service requirements and other liabilities;
- our ability to make borrowings under our revolving credit facility to pay distributions;
- fluctuations in our working capital needs;
- restrictions on distributions contained in any of our debt agreements;
- the cost of acquisitions, if any;
- fees and expenses of our general partner and its affiliates (including Rice Energy) we are required to reimburse;
- the amount of cash reserves established by our general partner; and
- other business risks affecting our cash levels.

Because of the natural decline in production from existing wells, our success depends, in part, on Rice Energy's ability to replace declining production and our ability to secure new sources of production from Rice Energy or third parties. Additionally, our water services are directly associated with Rice Energy's well completion activities and water needs, which are partially driven by horizontal lateral lengths and the number of completion stages per well. Any decrease in Rice Energy's production could adversely affect our business and operating results.

The natural gas volumes that support our gathering business depend on the level of production from natural gas wells connected to our systems, which may be less than expected and will naturally decline over time. If and to the extent Rice Energy is able to execute its drilling and completion program and achieve its anticipated production targets, the volumes of natural gas we gather should increase. To the extent Rice Energy completes or reduces its activity or otherwise ceases to drill and complete wells, revenues for our gathering and compression and water services will be directly and adversely affected. Our ability to maintain water services revenues is substantially dependent on continued completion activity by Rice Energy or third parties over time, as well as the volumes of produced water. In addition, natural gas volumes from completed wells will naturally decline over time, and our cash flows associated with these wells will correspondingly decline. In order to maintain or increase throughput levels on our gathering systems, we must obtain new sources of natural gas from Rice Energy or third

parties. The primary factors affecting our ability to obtain additional sources of natural gas include (i) the success of Rice Energy's drilling activity in our areas of operation, (ii) Rice Energy's acquisition of additional acreage and (iii) our ability to obtain acreage dedications from third parties. Our fresh water distribution services, which make up a substantial portion of our water services revenues, will be in greatest demand in connection with completion activities. To the extent that Rice Energy or other fresh water distribution customers complete wells with shorter lateral lengths, the demand for our fresh water distribution services would be reduced.

We have no control over Rice Energy's or other producers' level of development and completion activity in our areas of operation, the amount of reserves associated with wells connected to our systems or the rate at which production from a well declines. In addition, our fresh water distribution business is dependent upon active development in our areas of operation. In order to maintain or increase throughput levels on our fresh water distribution systems, we must service new wells. We have no control over Rice Energy or other producers or their development plan decisions, which are affected by, among other things:

- the availability and cost of capital;
- prevailing and projected natural gas, NGL and oil prices;
- the proximity, capacity, cost and availability of gathering and transportation facilities, and other factors that result in differentials to benchmark prices;
- demand for natural gas, NGLs and oil;
- levels of reserves;
- geologic considerations;
- environmental or other governmental regulations, 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; and
- the costs of producing the natural gas and the availability and costs of drilling rigs and other equipment.

Rice Energy could elect to reduce its drilling and completion activity if commodity prices decrease. Fluctuations in energy prices can also greatly affect the development of 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 economic conditions, weather conditions and seasonal trends, the levels of domestic production and consumer demand, the availability of imported liquefied natural gas, or 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, LNG and other commodities. Declines in commodity prices could have a negative impact on Rice Energy's development and production activity, and if sustained, could lead to a material decrease in such activity. Sustained reductions in development or production activity in our areas of operation could lead to reduced utilization of our services.

In addition, substantially all of Rice Energy's natural gas production is sold to purchasers under contracts with market-based prices. The actual prices realized from the sale of natural gas differ from the quoted NYMEX Henry Hub price as a result of location differentials. Location differentials to NYMEX Henry Hub prices, also known as basis differentials, result from variances in regional natural gas prices compared to NYMEX Henry Hub prices as a result of regional supply and demand factors. Furthermore, the costs associated with securing long-term firm transportation capacity has risen significantly on newer projects. There can be no assurance that the net impact of entering into such arrangements, after giving effect to their costs, will result in more favorable sales prices for Rice Energy's production in the future than local pricing.

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. If reductions in development activity result in our inability to maintain the current levels of throughput on our systems, our systems, or our water services, or if reductions in lateral lengths result in a decrease in demand for our water services on a per well basis, those reductions could reduce our revenue and cash flow and adversely affect our ability to make cash distributions to our unitholders.

Our assets are concentrated in three counties within the Appalachian Basin, making us vulnerable to risks associated with operating in one major geographic area.

We rely on revenues generated from our gathering and compression systems, which are located in Washington and Greene counties, Pennsylvania, and our water services assets, which are located in Washington and Greene Counties, Pennsylvania and Belmont County, Ohio. As a result of this concentration, we may be disproportionately exposed to the impact of regional supply and demand factors, delays or interruptions of production from wells in this area caused by governmental regulation, trucking shortages, availability of produced water disposal sites, market limitations, governmental regulations impacting the use of water in well completion activities, cold weather conditions or interruption of the processing or transportation of natural gas and NGLs.

Insufficient takeaway capacity in the Appalachian Basin could cause decreased producer activity in our dedicated areas. The Appalachian Basin has recently experienced periods in which natural gas production has surpassed local takeaway capacity, resulting in substantial discounts in the price received by producers selling into the Appalachia markets. Although additional Appalachian Basin takeaway capacity has been added in recent years and additional capacity is being constructed, the existing and expected capacity may not be sufficient to keep pace with the increased production caused by drilling in the area. If our customers are unable to secure long-term firm takeaway capacity on major pipelines that connect to our gathering systems to accommodate their growing production and to manage their basis differentials, it could impact their development plan and cause a decrease in throughput on our gathering systems. Any of the aforementioned throughput decreases could have a material adverse effect on our financial condition and results of operations.

Further, a number of areas within the Marcellus Shale have historically been subject to longwall coal mining operations. For example, third parties may conduct longwall coal mining operations near or under Rice Energy's, our other customers' or our properties, which could cause subsidence or other damage to Rice Energy's, our other customers' or our properties, adversely impact our customers' drilling or adversely impact our gathering and compression activities. In such event, our or our customers' operations may be impaired or interrupted, which could have a material adverse effect on our financial condition and results of operations.

Finally, gathering and compression and water services require special equipment and laborers skilled in multiple disciplines, such as equipment operators, mechanics and engineers, among others. The increased levels of production in the Appalachian Basin may result in a shortage of equipment and skilled labor. If we experience such shortages, our labor and equipment costs and overall productivity could be materially and adversely affected. If our equipment or labor prices increase, our results of operations could be materially and adversely affected.

We may not be able to attract additional third-party gathering and compression volumes or opportunities to provide water services, which could limit our ability to grow and increase our dependence on Rice Energy.

Part of our long-term growth strategy includes identifying additional opportunities to offer services to third parties. For the year ended December 31, 2015, Rice Energy accounted for approximately 79% of our gathering revenues and 87% of our water services revenues. Our ability to increase throughput on our gathering and compression systems and water services systems and any related revenue from third parties is subject to numerous factors beyond our control, including competition from third parties and the extent to which we have available capacity when requested by third parties. To the extent that we lack available capacity on our systems for third-party volumes, we may not be able to compete effectively with third-party systems for additional volumes in our dedicated areas. In addition, some of our competitors for third-party volumes have greater financial resources and access to larger supplies of natural gas than those available to us, which could allow those competitors to price their services more aggressively than we do.

We have historically provided gathering services to third parties on a limited basis, and we may not be able to attract material third-party service opportunities. Our efforts to attract new unaffiliated customers may be adversely affected by (i) our relationship with Rice Energy and the fact that a substantial portion of the capacity of our gathering and compression systems and water services systems will be necessary to service Rice Energy's production and development and completion schedule, (ii) our desire to provide services pursuant to fee-based contracts and (iii) the existence of current and future dedications to other gatherers by potential third-party customers. As a result, we may not have the capacity to provide services to third parties and/or potential third-party customers may prefer to obtain services pursuant to other forms of contractual arrangements under which we would be required to assume direct commodity exposure.

Increased competition from other companies that provide gathering 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 natural gas gathering

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systems. Some of our competitors have greater financial resources and may now, or in the future, have access to greater supplies of natural gas than we do. Some of these competitors may expand or construct gathering systems that would create additional competition for the services we provide to our customers. In addition, our customers may develop their own gathering systems instead of using ours. Moreover, Rice Energy and its affiliates are not limited in their ability to compete with us outside of our dedicated areas.

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

All of these competitive pressures could make it more difficult for us to retain our existing customers and/or attract new customers as we seek to expand our business, which could have a material adverse effect on our business, financial condition, results of operations 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.

We will be required to make capital expenditures to increase our asset base. If we are unable to obtain needed capital or financing on satisfactory terms, our ability to make cash distributions to our unitholders may be diminished or our financial leverage could increase.

In order to increase our asset base, we will need to make expansion capital expenditures. If we do not make sufficient or effective expansion capital expenditures, we will be unable to expand our business operations and, as a result, we will be unable to raise the level of our future cash distributions. To fund our expansion capital expenditures and investment capital expenditures, we will be required to use cash from our operations and/or incur borrowings. Such uses of cash from our operations will reduce cash available for distribution to our unitholders. Alternatively, we may sell additional common units or other securities to fund our capital expenditures. Our ability to obtain bank financing or our ability to access the capital markets for future equity or debt offerings may be limited by our or Rice Energy's financial condition at the time of any such financing or offering and the covenants in our existing debt agreements, as well as by general economic conditions, contingencies and uncertainties that are beyond our control. Even if we are successful in obtaining the necessary funds, the terms of such financings could limit our ability to pay distributions to our unitholders. In addition, incurring additional debt may significantly increase our interest expense and financial leverage, and issuing additional limited partner interests may result in significant unitholder dilution and would increase the aggregate amount of cash required to maintain the then-current distribution rate, which could materially decrease our ability to pay distributions at the prevailing distribution rate. None of our general partner, Rice Energy or any of their respective affiliates is committed to providing any direct or indirect support to fund our growth.

The amount of cash we have available for distribution to our unitholders depends primarily on our cash flow and not solely on 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 will be affected by non-cash items. As a result, we may make cash distributions during periods when we record a net loss for financial accounting purposes, and conversely, we might fail to make cash distributions during periods when we record net income for financial accounting purposes.

Our construction or purchase of new gathering and compression or other assets may not result in revenue increases and may be subject to regulatory, environmental, political, legal and economic risks, which could adversely affect our cash flows, results of operations and financial condition and, as a result, our ability to distribute cash to our unitholders.

The construction of additions or modifications to our existing systems and the construction or purchase of new assets involves numerous regulatory, environmental, political and legal uncertainties beyond our control and may require the expenditure of significant amounts of capital. Financing may not be available on economically acceptable terms or at all. If we undertake these projects, we may not be able to complete them on schedule, at the budgeted cost or at all. Moreover, our revenues may not increase immediately upon the expenditure of funds on a particular project. We may construct facilities to capture anticipated future production growth in an area in which such growth does not materialize. As a result, new gathering and compression or other assets may not be able to attract enough throughput

to achieve our expected investment return, which could adversely affect our results of operations and financial condition. In addition, the construction of additions to our existing assets may require us to obtain new rights-of-way prior to constructing new pipelines or facilities. We may be unable to timely obtain such rights-of-way to connect new natural gas supplies to our existing gathering pipelines or capitalize on other attractive expansion opportunities. Additionally, it may become more expensive for us to obtain new rights-of-way or to expand or renew existing rights-of-way. If the cost of renewing or obtaining new rights-of-way increases, our cash flows could be adversely affected.

Our exposure to commodity price risk may change over time.

We currently generate all of our gathering and compression revenues pursuant to fee-based contracts under which we are paid based on the volumes that we gather and compress, rather than the underlying value of the commodity. Consequently, our existing operations and cash flows have no direct exposure to commodity price risk. Although we intend to enter into similar fee-based contracts with new customers in the future, our efforts to negotiate such contractual terms may not be successful. In addition, we may acquire or develop additional midstream assets in a manner that increases our exposure to commodity price risk. Future exposure to the volatility of natural gas, NGL and oil prices could have a material adverse effect on our business, results of operations and financial condition and, as a result, our ability to make cash distributions to our unitholders. However, we have some indirect exposure to commodity prices and basis differentials in that persistently low realized sales prices by our customers may cause them to delay drilling or shut in production, which would reduce the volumes of natural gas available for gathering and compression on our systems. Please read “Item 7A.—Quantitative and Qualitative Disclosures about Market Risk.” Restrictions in our revolving credit facility could adversely affect our business, financial condition, results of operations and ability to make quarterly cash distributions to our unitholders.

Our revolving credit facility contains various covenants and restrictive provisions that limit our ability to, among other things:

- incur or guarantee additional debt;
- redeem or repurchase units or make distributions under certain circumstances;
- make certain investments and acquisitions;
- incur certain liens or permit them to exist;
- enter into certain types of transactions with affiliates;
 - merge or consolidate with another company; and
- transfer, sell or otherwise dispose of assets.

Our revolving credit facility also contains covenants requiring us to maintain certain financial ratios. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and there is no assurance that that we will meet any such ratios and tests.

The provisions of our revolving credit facility 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 revolving credit facility could result in a default or an event of default that could enable our lenders to declare the 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. Please read “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Resources and Liquidity.”

Debt we incur in the future may limit our flexibility to obtain financing and to pursue other business opportunities.

Our future level of debt could have important consequences to us, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures (including required well pad connections and well connections pursuant to our gas gathering and compression agreement as well as 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 ability to service our debt will depend upon, among other things, our 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 any future indebtedness, we will be forced to take actions such as reducing distributions to our unitholders, reducing or delaying our business activities, investments or capital expenditures, selling assets or issuing equity. We may not be able to effect any of these actions on satisfactory terms or at all.

Increases in interest rates could adversely affect our business, our unit price and our ability to issue additional equity, to incur debt to capture growth opportunities or for other purposes, or to make cash distributions to our unitholders at our intended levels.

If interest rates rise, the interest rates on our revolving credit facility, future credit facilities and debt offerings could be higher than current levels, causing our financing costs to increase accordingly. As with other yield-oriented securities, our unit price is impacted by the level of our cash distributions and implied distribution yield. The distribution yield is often used by investors to compare and rank related yield-oriented securities for investment decision-making purposes. Therefore, changes in interest rates, either positive or negative, may affect the yield requirements of investors who invest in our units, and a rising interest rate environment could have an adverse impact on our unit price and our ability to issue additional equity, to incur debt to expand or for other purposes, or to make cash distributions at our intended levels.

The credit and risk profile of Rice Energy 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 Rice Energy may be a factor considered in credit evaluations of us. This is because Rice Energy controls our business activities, including our cash distribution policy and growth strategy. Any adverse change in the financial condition of Rice Energy, including the degree of its financial leverage and its dependence on cash flow from us to service its indebtedness, or a downgrade of Rice Energy's credit rating, may adversely affect our credit ratings and risk profile.

If we were to seek a credit rating in the future, our credit rating may be adversely affected by the leverage of Rice Energy, as credit rating agencies such as Standard & Poor's Ratings Services and Moody's Investors Service may consider the leverage and credit profile of Rice Energy and its affiliates because of their ownership interest in and control of us. Any adverse effect on our credit rating would increase our cost of borrowing or hinder our ability to raise financing in the capital markets, which would impair our ability to grow our business and make distributions to our unitholders.

If we are unable to make acquisitions on economically acceptable terms from Rice Energy or third parties, our future growth will be limited, and the acquisitions we do make may reduce, rather than increase, our cash available for distribution on a per unit basis.

Our ability to grow depends, in part, on our ability to make acquisitions that increase our cash generated from operations on a per unit basis. The acquisition component of our strategy is based, in large part, on our expectation of ongoing divestitures of midstream energy assets by industry participants, including Rice Energy. Though our Omnibus Agreement provides us with a right of first offer with respect to certain of Rice Energy's gas gathering assets in Belmont County, Ohio that will require Rice Energy to provide us with an opportunity to offer to purchase these assets that it may sell, the consummation and timing of any future transactions pursuant to the exercise of our right of first offer with respect to any particular business opportunity will depend upon, among other things, our ability to negotiate definitive agreements with respect to such opportunities and our ability to obtain financing on acceptable terms. Additionally, Rice Energy is under no obligation to accept any offer made by us with respect to such opportunities. Furthermore, for a variety of reasons, we may decide not to exercise these rights when they become available, and our decision will not be subject to unitholder approval. As such, there is no guarantee that we will be able to make any such offer or consummate any acquisition of midstream assets from Rice Energy. Furthermore, many factors could impair our access to future midstream assets and the willingness of Rice Energy to offer us acquisition opportunities, including a change in control of Rice Energy or a transfer of the incentive distribution rights held by Rice Energy to a third party. A material decrease in divestitures of midstream energy assets from Rice Energy or otherwise would limit our opportunities for future acquisitions and could have a material adverse effect on our business, results of operations, financial condition and ability to make quarterly cash distributions to our unitholders. If we are unable to make accretive acquisitions from Rice Energy or third parties, whether because, among other reasons, (i) Rice Energy elects not to sell or contribute additional assets to us or to offer acquisition opportunities to

us, (ii) we are unable to identify attractive third-party acquisition opportunities, (iii) we are unable to negotiate acceptable purchase contracts with Rice Energy or third parties, (iv) we are unable to obtain financing for these acquisitions on economically acceptable terms, (v) we are outbid by competitors or (vi) we are unable to obtain necessary governmental or third-party consents, then our future growth and ability to increase distributions will be limited. Furthermore, even if we do make acquisitions that we believe will be accretive, these acquisitions may nevertheless result in a decrease in the cash available for distribution on a per unit basis.

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

- mistaken assumptions about volumes, revenue 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;
- limitations on rights to indemnity from the seller;
- mistaken assumptions about the overall costs of equity or debt;
- 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 eventually proves not to be accretive to our cash available for distribution per unit, it could have a material adverse effect on our business, results of operations, financial condition and ability to make quarterly cash distributions to our unitholders.

The demand for the services provided by our water distribution business could decline as a result of several factors. Our recently acquired water services 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 Rice Energy, which is currently and will 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 reduction in or slowing of Rice Energy's or other customers' well completions, any reduction in produced water attributable to completion activity, or to the extent that Rice Energy or other customers complete wells with shorter lateral lengths, which would lessen the volume of fresh water required for completion activity. Additionally, we depend on Rice Energy to source a portion of the fresh water we distribute. The availability of our and Rice Energy's water supply may be limited due to reasons including, but not limited to, prolonged drought. Restrictions on the ability to obtain water or changes in wastewater disposal requirements may incentivize water recycling efforts by oil and natural gas producers, which could decrease the demand for our fresh water distribution services.

We are subject to complex federal, state and local laws and regulations that could adversely affect the cost, manner or feasibility of conducting our operations or expose us to significant liabilities.

Our natural gas gathering operations are subject to complex and stringent federal, state and local laws and regulations. In order to conduct our operations in compliance with these laws and regulations, we must obtain and maintain numerous permits, approvals and certificates from various federal, state and local governmental authorities. We may incur substantial costs in order to maintain compliance with these existing laws and regulations and the permits and other approvals issued thereunder. In addition, our costs of compliance may increase or operational delays may occur if existing laws and regulations are revised or reinterpreted, or if new laws and regulations apply to our operations. Failure to comply with such laws and regulations, including any evolving interpretation and enforcement by governmental authorities, could have a material adverse effect on our business, financial condition and results of operations. Also, we might not be able to obtain or maintain all required environmental regulatory approvals for our operations. If there is a delay in obtaining any required environmental regulatory approvals, or if we fail to obtain and comply with them, the operation or construction of our facilities could be prevented or become subject to additional costs.

In addition, new or additional regulations or permitting requirements, new interpretations of existing requirements or changes in our operations could also trigger the need for Environmental Assessments or more detailed Environmental Impact Statements under the National Environmental Policy Act and analogous state laws, as well as litigation over the adequacy of those reviews, which could result in increased costs or delays of, or denial of rights to conduct, our development programs. Such potential regulations or litigation could increase our operating costs, reduce our liquidity, delay or halt our operations or otherwise alter the way we conduct our business, which could in turn have a material adverse effect on our business, financial condition and results of operations. Further, the discharges of oil, natural gas, NGLs and other pollutants into the air, soil or water may give rise to significant liabilities on our part to

the government and third parties. Please read “Item 1. Business—

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Regulation of Environmental and Occupational Safety and Health Matters” for a further description of laws and regulations that affect us.

A change in the jurisdictional characterization of some of our assets by federal, state or local regulatory agencies or a change in policy by those agencies may result in increased regulation of such assets, which may cause our revenues to decline and our operating expenses to increase.

Our natural gas gathering operations are exempt from regulation by the FERC, under the NGA. Section 1(b) of the NGA exempts natural gas gathering facilities from regulation by the FERC as a natural gas company under the NGA. We believe that the natural gas pipelines in our gathering systems meet the traditional tests the FERC has used to determine whether a pipeline is a gathering pipeline not subject to FERC jurisdiction. However, the distinction between FERC-regulated transmission services and federally unregulated gathering services is the subject of ongoing litigation, so the classification and regulation of our gathering facilities are subject to change based on future determinations by the FERC, the courts, or Congress. If the FERC were to determine that all or some of our gathering facilities and/or services provided by us are not exempt from FERC regulation, the rates for, and terms and conditions of, services provided by such facility would be subject to regulation by the FERC, which could in turn decrease revenue, increase operating costs, and, depending upon the facility in question, adversely affect our results of operations and cash flows.

Other FERC regulations may indirectly impact our businesses and the markets for products derived from these businesses. FERC’s policies and practices across the range of its natural gas regulatory activities, including, for example, its policies on open access transportation, ratemaking, gas quality, capacity release and market center promotion, may indirectly affect the intrastate natural gas market. Should we fail to comply with any applicable FERC administered statutes, rules, regulations and orders, we could be subject to substantial penalties and fines, which could have a material adverse effect on our results of operations and cash flows. FERC has civil penalty authority under the NGA and NGPA to impose penalties for current violations of up to \$1,000,000 per day for each violation and disgorgement of profits associated with any violation.

State regulation of natural gas gathering facilities and intrastate transportation pipelines generally includes various safety, environmental and, in some circumstances, nondiscriminatory take and common purchaser requirements, as well as complaint-based rate regulation. While we have not obtained a specific determination from the Pennsylvania Public Utilities Commission, we believe our natural gas gathering facilities are not subject to rate regulation or open access requirements by the Pennsylvania Public Utilities Commission. However, the Pennsylvania Public Utilities Commission requires us to register as pipeline operators, pay assessment and registration fees, undergo inspections and report annually on the miles of pipeline we operate. Other state regulations may not directly apply to our business, but may nonetheless affect the availability of natural gas for purchase, compression and sale.

Natural gas gathering may receive greater regulatory scrutiny at both the state and federal levels. Our gathering operations could be adversely affected in the future should we become subject to the application of state or federal regulation of rates and services. These operations may also be or become subject to safety and operational regulations relating to the design, installation, testing, construction, operation, replacement and management of such facilities. We cannot predict what effect, if any, such changes might have on our operations, but the industry could be required to incur additional capital expenditures and increased costs depending on future legislative and regulatory changes. For more information regarding federal and state regulation of our operations, please read “Item 1. Business—Regulation of Operations.”

Increased regulation of hydraulic fracturing could result in reductions or delays in natural gas, NGL and oil production by our customers, which could reduce the throughput on our gathering and compression systems, the number of wells for which we provide water services, which could and adversely impact our revenues.

All of Rice Energy’s natural gas production is being developed from shale formations. These reservoirs require hydraulic fracturing completion processes to release the liquids and natural gas from the rock so it can flow through casing to the surface. Hydraulic fracturing is a well stimulation process that utilizes large volumes of water and sand (or other proppant) combined with fracturing chemical additives that are pumped at high pressure to crack open previously impenetrable rock to release hydrocarbons. Hydraulic fracturing is typically regulated by state oil and gas commissions and similar agencies, but the EPA has asserted regulatory authority pursuant to the 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. EPA has moved forward with various regulatory actions, including regulations under the CAA governing performance standards, including standards for the capture of air emissions released during hydraulic fracturing; an advanced notice of proposed rulemaking in March 2014 under the Toxic Substances Control Act that would require companies to disclose information regarding the chemicals used in hydraulic fracturing; and proposed rules in April 2015 to prohibit the discharge of wastewater from hydraulic fracturing operations to publicly owned wastewater treatment plants. In addition, the Bureau of Land Management, or the BLM, finalized rules in March 2015 that impose new or more stringent standards for performing hydraulic

fracturing on federal and American Indian lands. The U.S. District Court of Wyoming has temporarily stayed implementation of this rule. A final decision has not yet been issued.

Along with several other states, Pennsylvania (where we currently operate) has adopted laws and regulations that impose more stringent disclosure and well construction requirements on hydraulic fracturing operations, and local governments may also adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular, or prohibiting such activities. In addition, various studies are underway by the EPA and other federal agencies concerning the potential environmental impacts of hydraulic fracturing activities. At the same time, certain environmental groups have advocated for additional laws to more closely and uniformly regulate the hydraulic fracturing process, and legislation has been proposed by members of Congress from time to time to provide for such regulation. We cannot predict whether any such legislation will be enacted and if so, what its provisions would require. Additional levels of regulation and permits potentially required by new laws and regulations at the federal, state or local level could lead to delays, increased operating costs and process prohibitions for Rice Energy or other potential customers that could reduce the volumes of natural gas that move through our gathering systems or reduce the number of wells drilled and completed that require fresh water for hydraulic fracturing systems, which in turn could materially adversely affect our revenues and results of operations. Our operations, as well as our customers' operations, are subject to significant liability under, or costs and expenditures to comply with, environmental and worker health and safety regulations, which are complex and subject to frequent change.

As an owner, lessee or operator of gathering pipelines and compressor stations, we are subject to various stringent federal, state, and local laws and regulations relating to the discharge of materials into, and protection of, the environment. Numerous governmental authorities, such as the EPA and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, oftentimes requiring difficult and costly response actions. These laws and regulations may impose numerous obligations that are applicable to our and our customers' operations, including the acquisition of permits to conduct regulated activities, the incurrence of capital or operating expenditures to limit or prevent releases of materials from our or our customers' operations, the imposition of specific standards addressing worker protection, and the imposition of substantial liabilities and remedial obligations for pollution or contamination resulting from our and our customers' operations. Failure to comply with these laws, regulations and permits may result in joint and several, strict liability for administrative, civil and/or criminal penalties, the imposition of remedial obligations, and the issuance of injunctions limiting or preventing some or all of our operations. Private parties, including the owners of the properties through which our gathering systems pass and facilities where wastes resulting from our operations are taken for reclamation or disposal, may also have the right to pursue legal actions to enforce compliance, as well as to seek damages for non-compliance, with environmental laws, regulations and permits or for personal injury or property damage. We may not be able to recover all or any of these costs from insurance. We may also experience a delay in obtaining or be unable to obtain required permits, which may cause us to lose potential and current customers, interrupt our operations and limit our growth and revenues, which in turn could affect our profitability. In addition, our customers' liability under, or costs and expenditures to comply with, environmental and worker health and safety regulations could lead to delays and increased operating costs, which could reduce the volumes of natural gas that move through our gathering systems. There is no assurance that changes in or additions to public policy regarding the protection of the environment will not have a significant impact on our operations and profitability.

Our operations also pose risks of environmental liability due to leakage, migration, releases or spills from our operations to surface or subsurface soils, surface water or groundwater. Certain environmental laws impose strict as well as joint and several liability for costs required to remediate and restore sites where hazardous substances, hydrocarbons, or solid wastes have been stored or released. We may be required to remediate contaminated properties currently or formerly operated by us or facilities of third parties that received waste generated by our operations regardless of whether such contamination resulted from the conduct of others or from consequences of our own actions that were in compliance with all applicable laws at the time those actions were taken. In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health and safety impacts of our operations. Moreover, public interest in the protection of the environment has increased dramatically in recent years. The trend of more expansive and stringent environmental legislation and regulations applied to the crude

oil and natural gas industry could continue, resulting in increased costs of doing business and consequently affecting profitability. Please read “Item 1. Business—Regulation of Environmental and Occupational Safety and Health Matters” for more information.

Climate change laws and regulations restricting emissions of “greenhouse gases” could result in increased operating costs and reduced demand for the natural gas that we gather, while potential physical effects of climate change could disrupt our operations and cause us to incur significant costs in preparing for or responding to those effects.

In December 2009, the EPA determined that emissions of GHGs, present an endangerment to public health and the environment because emissions of such gases are, according to the EPA, contributing to the warming of the earth’s atmosphere and other climatic changes. Based on these findings, EPA adopted regulations under existing provisions of the CAA that

establish pre-construction and operating permit requirements for GHG emissions from certain large stationary sources. Under these regulations, for example, facilities required to obtain PSD permits because of their potential criteria pollutant emissions must comply with BACT-driven GHG permit limits established by the states or, in some cases, by the EPA, on a case-by-case basis. The EPA has also adopted rules requiring the monitoring and reporting of GHG emissions from specified sources in the United States, including, among others, certain onshore oil and natural gas processing and fractionating facilities. In December 2015, the EPA finalized rules that added new sources to the scope of the GHG monitoring and reporting rule. These new sources include gathering and boosting facilities as well as completions and workovers from hydraulically fractured oil wells. These changes to EPA's GHG emissions reporting rule could result in increased compliance costs. We are monitoring GHG emissions from our operations in accordance with the GHG emissions reporting rule.

Additionally, while Congress has from time to time considered legislation to reduce emissions of GHGs, the prospect for adoption of significant legislation at the federal level to reduce GHG emissions is perceived to be low at this time. Nevertheless, the Obama Administration has announced it intends to adopt additional regulations to reduce emissions of GHGs and to encourage greater use of low carbon technologies. In August 2015, the EPA proposed a suite of requirements and draft guidance related to the reduction in methane emissions from certain equipment and processes in the oil and natural gas source category, including production, processing, transmission and storage activities. The BLM and the PADEP have also proposed rules related to the control of methane emissions. Compliance with rules to control methane emissions will likely require enhanced record-keeping practices, the purchase of new equipment such as optical gas imaging instruments to detect leaks, and the increased frequency of maintenance and repair activities to address emissions leakage. The rules will also likely require hiring additional personnel to support these activities or the engagement of third party contractors to assist with and verify compliance. These new and proposed rules could result in increased compliance costs on our operations. Although it is not possible at this time to predict how legislation or new regulations that may be adopted to address GHG emissions would impact our business, any such future laws and regulations that limit emissions of GHGs could adversely affect demand for the oil and natural gas that exploration and production operators produce, some of whom are our customers, which could thereby reduce demand for our midstream services. Finally, it should be noted that some scientists have concluded that increasing concentrations of GHGs in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts and floods and other climatic events; if any such effects were to occur, it is uncertain if they would have an adverse effect on our financial condition and operations.

The Endangered Species Act and Migratory Bird Treaty Act govern our operations and additional restrictions may be imposed in the future, which could have an adverse impact on our operations.

The Endangered Species Act ("ESA") restricts activities that may affect endangered or threatened species or their habitats. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act ("MBTA"). The U.S. Fish and Wildlife Service and state agencies may designate critical or suitable habitat areas that they believe are necessary for the survival of threatened or endangered species. Such a designation could materially restrict use of or access to federal, state and private lands. Some of our operations are located in areas that are designated as habitats for endangered or threatened species or that may attract migratory birds. In addition, the U.S. Fish and Wildlife Service and state agencies regularly review species that are listing candidates, and designations of additional endangered or threatened species, or critical or suitable habitat, under the ESA could cause us to incur additional costs or become subject to operating restrictions or bans in the affected areas.

We may incur significant costs and liabilities as a result of pipeline integrity management program testing and any related pipeline repair or preventative or remedial measures.

The DOT has adopted regulations requiring pipeline operators to develop integrity management programs for transportation pipelines located where a leak or rupture could do the most harm in "high consequence areas." The regulations require operators to:

- perform ongoing assessments of pipeline integrity;
- identify and characterize applicable threats to pipeline segments that could impact a high consequence area;
- improve data collection, integration and analysis;
- repair and remediate the pipeline as necessary; and
- implement preventive and mitigating actions.

The 2011 Pipeline Safety Act, among other things, increases the maximum civil penalty for pipeline safety violations and directs the Secretary of Transportation to promulgate rules or standards relating to expanded integrity management requirements, automatic or remote-controlled valve use, excess flow valve use, leak detection system installation and testing to

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confirm the material strength of pipe operating above 30% of specified minimum yield strength in high consequence areas. Effective October 25, 2013, the PHMSA finalized rules that increased the maximum administrative civil penalties for violations of the pipeline safety laws and regulations that occur after January 3, 2012 to \$200,000 per violation per day, with a maximum of \$2,000,000 for a related series of violations. Should our operations fail to comply with PHMSA or comparable state regulations, we could be subject to substantial penalties and fines. States also are pursuing regulatory programs intended to safely build pipeline infrastructure. For instance, the Pennsylvania Pipeline Infrastructure Task Force is currently developing policies and guidelines to assist in pipeline development to, among other goals, ensure pipeline safety and integrity during operation of the pipeline.

PHMSA has also published advanced notices of proposed rulemaking to solicit comments on the need for changes to its safety regulations, including whether to extend the integrity management requirements to additional types of facilities, such as gathering pipelines and related facilities. Additionally, in 2012, PHMSA issued an advisory bulletin providing guidance on verification of records related to pipeline maximum allowable operating pressure, which could result in additional requirements for the pressure testing of pipelines or the reduction of maximum operating pressures to verifiable pressures. The adoption of these and other laws or regulations that apply more comprehensive or stringent safety standards could require us to install new or modified safety controls, pursue new capital projects, or conduct maintenance programs on an accelerated basis, all of which could require us to incur increased operational costs that could be significant. While we cannot predict the outcome of legislative or regulatory initiatives, such legislative and regulatory changes could have a material effect on our cash flow. Please read “Item 1.

Business—Regulation of Operations—Pipeline Safety Regulation” for more information.

Our business involves many hazards and operational risks, some of which may not be fully covered by insurance. The occurrence of a significant accident or other event that is not fully insured could curtail our operations and have a material adverse effect on our ability to distribute cash and, accordingly, the market price for our common units.

Our operations are subject to all of the hazards inherent in the gathering and compression of natural gas, including: damage to pipelines, compressor stations, related equipment and surrounding properties caused by natural disasters, acts of terrorism and acts of third parties;

- damage from construction, farm and utility equipment, as well as other subsurface activity (for example, mine subsidence);

- leaks of natural gas or losses of natural gas as a result of the malfunction of equipment or facilities;

- fires, ruptures and explosions;

- other hazards that could also result in personal injury and loss of life, pollution and suspension of operations; and

- hazards experienced by other operators that may affect our operations by instigating increased regulations and oversight.

Any of these risks could adversely affect our ability to conduct operations or result in substantial loss to us as a result of claims for:

- injury or loss of life;

- damage to and destruction of property, natural resources and equipment;

- pollution and other environmental damage;

- regulatory investigations and penalties;

- suspension of our operations; and

- repair and remediation costs.

We may elect not to obtain insurance for any or all of these risks if we believe that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on our business, financial condition and results of operations.

The loss of key personnel could adversely affect our ability to operate.

We depend on the services of a relatively small group of our general partner's and Rice Energy's senior management and technical personnel. We do not maintain, nor do we plan to obtain, any insurance against the loss of any of these individuals. Because competition for experienced personnel in the midstream industry is intense, we may not be able to find acceptable replacements with comparable skills and experience. The loss of the services of our general partner's senior management or technical personnel could have a material adverse effect on our business, financial condition and results of operations.

We do not have any officers or employees apart from those seconded to us and rely solely on officers of our general partner and employees of Rice Energy.

We are managed and operated by the board of directors of our general partner. Affiliates of Rice Energy conduct businesses and activities of their own in which we have no economic interest. As a result, there could be material competition for the time and effort of the officers and employees who provide services to our general partner and Rice Energy. If our general partner and the officers and employees of Rice Energy do not devote sufficient attention to the management and operation of our business, our financial results may suffer, and our ability to make distributions to our unitholders may be reduced.

Risks Related to Our Partnership Structure

Our general partner and its affiliates, including Rice Energy, which owns our general partner, may have conflicts of interest with us and limited duties to us and our unitholders, and they may favor their own interests to the detriment of us and our other common unitholders.

Rice Energy indirectly owns and controls our general partner and appoints all of the officers and directors of our general partner. All of our officers and a majority of our directors are also officers and/or directors of Rice Energy. Although our general partner has a duty to manage us in a manner that is beneficial to us and our unitholders, the directors and officers of our general partner have a fiduciary duty to manage our general partner in a manner that is beneficial to Rice Energy. Further, our directors and officers who are also directors and officers of Rice Energy have a fiduciary duty to manage Rice Energy in the best interests of the stockholders of Rice Energy. Conflicts of interest will arise between Rice Energy and any of its affiliates, including our general partner, on the one hand, and us and our common unitholders, on the other hand. In resolving these conflicts of interest, our general partner may favor its own interests and the interests of Rice Energy 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 Rice Energy to pursue a business strategy that favors us;
- Rice Energy, as our anchor customer, has an economic incentive to cause us not to seek higher gathering fees, even if such higher fees would reflect fees that could be obtained in arm's-length, third-party transactions;
- Rice Energy may choose to shift the focus of its investment and operations to areas not serviced by our assets;
- actions taken by our general partner may affect the amount of cash available to pay distributions to unitholders or accelerate the right to convert subordinated units;
- the directors and officers of Rice Energy have a fiduciary duty to make decisions in the best interests of the stockholders of Rice Energy, which may be contrary to our interests and the interest of our unitholders;
- our general partner is allowed to take into account the interests of parties other than us, such as Rice Energy, in exercising certain rights under our partnership agreement, including with respect to conflicts of interest;
- except in limited circumstances, our general partner has the power and authority to conduct our business without unitholder approval;
- our general partner may cause us to borrow funds in order to permit the payment of cash distributions;
- disputes may arise under our commercial agreements with Rice Energy and its affiliates;
- our general partner determines the amount and timing of asset purchases and sales, borrowings, issuances of additional partnership securities and the level of reserves, each of which can affect the amount of cash that is distributed to our unitholders;

our general partner determines the amount and timing of any capital expenditure and the amount of estimated maintenance capital expenditures, which reduces operating surplus. The determination of estimated maintenance capital expenditures can affect the amount of cash from operating surplus that is distributed to our unitholders which, in turn, may affect the ability of the subordinated units owned by GP Holdings to convert;

our partnership agreement limits the liability of, and replaces the duties owed by, our general partner and also restricts the remedies available to our unitholders for actions that, without the limitations, might constitute breaches of fiduciary duty;

common unitholders have no right to enforce obligations of our general partner and its affiliates under agreements with us;

contracts between us, on the one hand, and our general partner and its affiliates, on the other, are not and will not be the result of arm's-length negotiations;

our partnership agreement permits us to distribute up to \$35.0 million as operating surplus, even if it is generated from asset sales, non-working capital borrowings or other sources that would otherwise constitute capital surplus, which may be used to fund distributions on our subordinated units or the incentive distribution rights;

our general partner determines which costs incurred by it and its affiliates are reimbursable by us;

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 its affiliates 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 common units if it and its affiliates own more than 80% of the common units;

we may not choose to retain separate counsel for ourselves or for the holders of common units;

our general partner's affiliates may compete with us, and our general partner and its affiliates have limited obligations to present business opportunities to us; and

the holder or holders of our incentive distribution rights may elect to cause us to issue common units to it in connection with a resetting of incentive distribution levels without the approval of our unitholders, which may result in lower distributions to our common unitholders in certain situations.

Ongoing cost reimbursements due to our general partner and its affiliates for services provided, which will be determined by our general partner, may be substantial and will reduce our cash available for distribution to our unitholders.

Prior to making distributions on our common units, we will reimburse our general partner and its affiliates for all expenses they incur on our behalf. These expenses will include all costs incurred by our general partner and its affiliates in managing and operating us, including costs for rendering administrative staff and support services to us and reimbursements paid by our general partner to Rice Energy for customary management and general administrative services. There is no limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. Our partnership agreement provides that our general partner will determine the expenses that are allocable to us in good faith. In addition, under Delaware partnership law, our general partner has unlimited liability for our obligations, such as our debts and environmental liabilities, except for our contractual obligations that are expressly made without recourse to our general partner. To the extent our general partner incurs obligations on our behalf, we are obligated to reimburse or indemnify it. If we are unable or unwilling to reimburse or indemnify our general partner, our general partner may take actions to cause us to make payments of these obligations and liabilities. Any such payments could reduce the amount of cash otherwise available for distribution to our unitholders.

We expect to distribute a significant portion of our cash available for distribution to our partners, which could limit our ability to grow and make acquisitions.

We plan to distribute most of our cash available for distribution and will rely primarily upon external financing sources, including commercial bank borrowings and the issuance of debt and equity securities, to fund our acquisitions and expansion capital expenditures. As a result, to the extent we are unable to finance growth externally, our cash distribution policy may cause our growth to proceed at a slower pace than that of businesses that reinvest their 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. There are no limitations in our partnership agreement on our ability to issue additional units, including units ranking senior to the common units. In addition, the incurrence of commercial borrowings or other debt to finance our growth strategy would result in increased interest expense, which, in turn, may reduce the cash that we have available to distribute to our unitholders.

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 and replace the fiduciary standards to which our general partner would otherwise be held by state fiduciary duty law. 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, or otherwise, free of fiduciary 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 parties where the language in our partnership agreement does not provide for a clear course of action. This entitles our general partner to consider only the interests and factors that it desires, and it has no 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 business opportunities among us and its 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 the general partner;

how to exercise its voting rights with respect to any units it owns;

whether to exercise its registration rights; and

whether or not to consent to any merger or consolidation of the partnership or amendment to the partnership agreement.

Limited partners who own common units are treated as having consented to the provisions in the partnership agreement, including the provisions discussed above.

Our partnership agreement restricts the remedies available to holders of our common 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) is required to make such determination, or take or decline to take such other action, in the absence of bad faith, and 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;

provides that 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 it acted in good faith, meaning that it believed that the decision was not adverse to the interest of our partnership;

provides that our general partner and its officers and directors will not be liable for monetary damages to us, our limited partners or their assignees 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; and

provides that our general partner will not be in breach of its obligations under the partnership agreement or its fiduciary 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; or

approved by the vote of a majority of the outstanding common units, excluding any common units owned by our general partner and its affiliates.

In connection with a situation involving a transaction with an affiliate or a conflict of interest, any determination by our general partner 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 approves the affiliate transaction or resolution or course of action taken with respect to the conflict of interest, 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, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption and proving that such decision was not in good faith.

Our partnership agreement includes exclusive forum, venue and jurisdiction provisions. By purchasing a common unit, a limited partner is irrevocably consenting to these provisions regarding claims, suits, actions or proceedings and submitting to the exclusive jurisdiction of Delaware courts. Our partnership agreement also provides that any unitholder bringing an unsuccessful action will be obligated to reimburse us for any costs we have incurred in connection with such unsuccessful claim.

Our partnership agreement is governed by Delaware law. Our partnership agreement includes exclusive forum, venue and jurisdiction provisions designating Delaware courts as the exclusive venue for most claims, suits, actions and proceedings involving us or our officers, directors and employees. If a dispute were to arise between a limited partner and us or our officers, directors or employees, the limited partner may be required to pursue its legal remedies in Delaware, which may be an inconvenient or distant location and which is considered to be a more corporate-friendly environment. In addition, if any unitholder brings any of the aforementioned claims, suits, actions or proceedings and such person does not obtain a judgment on the merits that substantially achieves, in substance and amount, the full remedy sought, then such person shall be obligated to reimburse us and our affiliates for all fees, costs and expenses of every kind and description, including but not limited to all reasonable attorneys' fees and other litigation expenses, that the parties may incur in connection with such claim, suit, action or proceeding. Limited partners who own common units irrevocably consent to these provisions and potential reimbursement obligations regarding claims, suits, actions or proceedings and submitting to the exclusive jurisdiction of Delaware courts.

Holders of our common units have limited voting rights and are not entitled to elect our general partner or its directors, which could reduce the price at which our common units will trade.

Compared to the holders of common stock in a corporation, unitholders have 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. The board of directors of our general partner, including the independent directors, is chosen entirely by Rice Energy, as a result of it indirectly owning our general partner, and not by our unitholders. Furthermore, if our unitholders are dissatisfied with the performance of our general partner, they will have little ability to remove our general partner. Unlike publicly-traded corporations, we will not conduct annual meetings of our unitholders to elect directors or conduct other matters routinely conducted at annual meetings of stockholders of corporations. As a result of these limitations, the price at which the common units trade could be diminished because of the absence or reduction of a takeover premium in the trading price.

Even if holders of our common units are dissatisfied, they cannot currently remove our general partner without its consent.

Unitholders are currently unable to remove our general partner without its consent because our general partner and its affiliates, including Rice Energy, own sufficient units to be able to prevent its removal. Our general partner may not be removed except for cause by vote of the holders of at least $66\frac{2}{3}\%$ of all outstanding common and subordinated units, including any units owned by our general partner and its affiliates, voting together as a single class. As of December 31, 2015, Rice Energy indirectly owned 41% of our outstanding common and subordinated units. Cause is narrowly defined to mean that a court of competent jurisdiction has entered a final, non-appealable judgment finding our general partner liable for actual fraud or willful misconduct in its capacity as our general partner.

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

Our general partner intends to limit its liability under contractual arrangements between us and third parties 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 provides that any action taken by our general partner to limit its liability is not a breach of our general partner's duties, 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 is required to deduct estimated maintenance capital expenditures from our operating surplus, which may result in less cash available for distribution to unitholders from operating surplus than if actual maintenance capital expenditures were deducted.

Maintenance capital expenditures are those capital expenditures made to maintain, over the long term, our operating capacity or operating income. Our partnership agreement requires our general partner to deduct estimated, rather than actual, maintenance capital expenditures from operating surplus in determining cash available for distribution from operating surplus. The amount of estimated maintenance capital expenditures deducted from operating surplus is subject to review and change by our general partner's board of directors at least once a year, provided that any change is approved by the conflicts committee of our general partner's board of directors. Our partnership agreement does not cap the amount of maintenance capital expenditures that our general partner may estimate. In years when our estimated maintenance capital expenditures are higher than actual maintenance capital expenditures, the amount of cash available for distribution to unitholders from operating surplus will be lower than if actual maintenance capital expenditures had been deducted from operating surplus. On the other hand, if our general partner underestimates the appropriate level of estimated maintenance capital expenditures, we will have more cash available for distribution from operating surplus in the short term but will have less cash available for distribution from operating surplus in future periods when we have to increase our estimated maintenance capital expenditures to account for the previous underestimation.

GP Holdings may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to our incentive distribution rights, without the approval of the conflicts committee of our general partner's board of directors or the holders of our common units. This could result in lower distributions to holders of our common units.

GP Holdings has the right, as the holder of our incentive distribution rights, at any time when there are no subordinated units outstanding and it has received incentive distributions at the highest level to which it is entitled (50%) for the prior four consecutive fiscal quarters, to reset the initial target distribution levels at higher levels based on our distributions at the time of the exercise of the reset election. Following a reset election, the minimum quarterly distribution will be adjusted to equal the reset minimum quarterly distribution, and the target distribution levels will be reset to correspondingly higher levels based on percentage increases above the reset minimum quarterly distribution. If GP Holdings elects to reset the target distribution levels, it will be entitled to receive a number of common units. The number of common units to be issued to GP Holdings will equal the number of common units that would have entitled GP Holdings to an aggregate quarterly cash distribution in the quarter prior to the reset election equal to the distribution on the incentive distribution rights in the quarter prior to the reset election. We anticipate that GP Holdings would exercise this reset right in order to facilitate acquisitions or internal growth projects that would not be sufficiently accretive to cash distributions per common unit without such conversion. It is possible, however, that GP Holdings or a transferee could exercise this reset election at a time when it is experiencing, or expects to experience, declines in the cash distributions it receives related to its incentive distribution rights and may, therefore, desire to be issued common units rather than retain the right to receive incentive distributions based on the initial target distribution levels. This risk could be elevated if our incentive distribution rights have been transferred to a third party. As a result, a reset election may cause our common unitholders to experience a reduction in the amount of cash distributions that our common unitholders would have otherwise received had we not issued new common units to our general partner in connection with resetting the target distribution levels. GP Holdings may transfer all or a portion of the incentive distribution rights in the future. After any such transfer, the holder or holders of a majority of our

incentive distribution rights will be entitled to exercise the right to reset the target distribution levels. The incentive distribution rights held by Rice Energy may be transferred to a third party without unitholder consent. GP Holdings may transfer our incentive distribution rights to a third party at any time without the consent of our unitholders. If GP Holdings transfers our incentive distribution rights to a third party but retains its ownership of our general partner interest, it may not have the same incentive to grow our partnership and increase quarterly distributions to unitholders over time as it would if it had retained ownership of our incentive distribution rights. For example, a transfer of incentive

distribution rights by our general partner could reduce the likelihood of GP Holdings selling or contributing additional midstream assets to us, as GP Holdings would have less of an economic incentive to grow our business, which in turn would impact our ability to grow our asset base.

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

Unitholders' voting rights are further restricted by the partnership agreement provision providing 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 (including Rice Energy), their transferees and persons who acquired such units with the prior approval of the board of directors of our general partner, cannot vote on any matter.

Control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest to a third party without the consent of our unitholders.

Furthermore, our partnership agreement does not restrict the ability of the owners of our general partner from transferring all or a portion of their respective ownership interest in our general partner to a third party. The new owners 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 choices and thereby exert significant control over the decisions made by the board of directors and officers. This effectively permits a "change of control" without the vote or consent of the unitholders.

We may issue additional units, including units that are senior to the common units, without unitholder approval, which would dilute our unitholders' existing ownership interests.

Our partnership agreement does not limit the number of additional limited partner interests that we may issue at any time without the approval of our unitholders. The issuance by us of additional common units or other equity securities of equal or senior rank will have the following effects:

- each unitholder's proportionate ownership interest in us will decrease;
- the amount of cash available for distribution on each unit may decrease;
- because a lower percentage of total outstanding units will be subordinated units, the risk that a shortfall in the payment of the minimum quarterly distribution will be borne by our common unitholders will increase;
- the ratio of taxable income to distributions may increase;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of the common units may decline.

GP Holdings may sell common units in the public or private markets, which sales could have an adverse impact on the trading price of the common units.

As of February 22, 2016, GP Holdings held 3,623 common units and all 28,753,623 subordinated units. All of the subordinated units will convert into common units at the end of the subordination period. Additionally, we have agreed to provide GP Holdings with certain registration rights, pursuant to which we may be required to register common units they hold under the Securities Act and applicable state securities laws. Pursuant to the registration rights agreement and our partnership agreement, we may be required to undertake a future public or private offering of common units. The sale of these units in public or private markets could have an adverse impact on the price of the common units or on any trading market that may develop.

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

If at any time our general partner and its affiliates (including Rice Energy) own more than 80% of the common units, our general partner will have the right, but not the obligation, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price equal to the greater of (i) the average of the daily closing price of the common units over the 20 trading days preceding the date three days before notice of exercise of the call right is first mailed and (ii) the highest per-unit price paid by our general partner or any of its affiliates for common units during the 90-day period preceding the date such notice is first mailed. As a result, unitholders may be required to sell their common units at an undesirable time or price and may not receive any return or a negative return on their investment. Unitholders may also incur a tax liability upon a sale of their units. Our general partner is not obligated to obtain a fairness opinion regarding the value of the common units to be repurchased by it upon exercise of the limited call right. There is no restriction in our

partnership agreement that prevents our general partner from issuing additional common units and exercising its call right. If our general partner exercised its limited call right, the effect would be to take us private and, if the units were subsequently deregistered, we would no longer be subject to the reporting requirements of the Securities Exchange Act of 1934, or the Exchange Act. Our general partner and its affiliates (including Rice Energy) own an aggregate of less than 1% of our common and 100% of our subordinated units. At the end of the subordination period, assuming no additional issuances of units (other than upon the conversion of the subordinated units), our general partner and its affiliates will own 41% of our common 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 currently own assets and conduct business in Pennsylvania. 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 determined that we were conducting business in a state but had not complied with that particular state's partnership statute; or
a unitholder's right to act with other unitholders to remove or replace the general partner, to approve some amendments to our partnership agreement or to take other actions under our partnership agreement constitute "control" of our business.

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 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 the 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. Substituted limited partners are liable for the obligations of the assignor to make contributions to the partnership that are known to the substituted limited partner at the time it became a limited partner and for unknown obligations if the liabilities could be determined from the partnership agreement. Liabilities to partners on account of their partnership interest and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

The price of our common units may fluctuate significantly, and unitholders could lose all or part of their investment. The market price of our common units may be influenced by many factors, some of which are beyond our control, including:

- our quarterly distributions;
- our quarterly or annual earnings or those of other companies in our industry;
- events affecting Rice Energy;
- announcements by us or our competitors of significant contracts or acquisitions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- general economic conditions;
- the failure of securities analysts to cover our common units or changes in financial estimates by analysts;
- future sales of our common units; and
- other factors described in these "Risk Factors."

If we fail to establish and maintain effective internal control over financial reporting, our ability to accurately report our financial results could be adversely affected.

Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. Rice Energy personnel are responsible for maintaining effective internal control over financial reporting over our financial statements.

While we generally must comply with Section 404 of the Sarbanes Oxley Act of 2002 for our fiscal year ending December 31, 2015, we are not required to have our independent registered public accounting firm attest to the effectiveness of our internal controls until our first annual report subsequent to our ceasing to be an “emerging growth company” within the meaning of Section 2(a)(19) of the Securities Act. Accordingly, we may not be required to have our independent registered public accounting firm attest to the effectiveness of our internal controls until our annual report for the fiscal year ending December 31, 2020.

Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. We cannot be certain that our efforts to develop and maintain our internal controls will be successful, that we will be able to maintain adequate controls over our financial processes and reporting in the future or that we will be able to comply with our obligations under Section 404 of the Sarbanes Oxley Act of 2002.

Any failure to develop or maintain effective internal controls, or difficulties encountered in implementing or improving our internal controls, could harm our operating results or cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our units.

For as long as we are an “emerging growth company,” we will not be required to comply with certain disclosure requirements that apply to other public companies.

In April 2012, President Obama signed into law the JOBS Act. We are classified as an “emerging growth company” under the JOBS Act. For as long as we are an “emerging growth company,” which may be up to five full fiscal years, unlike other public companies, we will not be required to, among other things, (1) provide an auditor’s attestation report on management’s assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act, (2) comply with any new requirements adopted by the PCAOB requiring mandatory audit firm rotation or a supplement to the auditor’s report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer, (3) provide certain disclosure regarding executive compensation required of larger public companies or (4) hold nonbinding advisory votes on executive compensation. We will remain an “emerging growth company” for up to five years, although we will lose that status sooner if we have more than \$1.0 billion of revenues in a fiscal year, become a large accelerated filer, or issue more than \$1.0 billion of non-convertible debt over a three-year period.

To the extent that we rely on any of the exemptions available to “emerging growth companies,” our unitholders will receive less information about our executive compensation and internal control over financial reporting than issuers that are not “emerging growth companies.” If some investors find our common units to be less attractive as a result, there may be a less active trading market for our common units and our trading price may be more volatile.

The New York Stock Exchange (“NYSE”) does not require a publicly-traded partnership like us to comply with certain of its corporate governance requirements.

Our common units are currently traded on the NYSE. Because we are a publicly-traded partnership, the NYSE does not require us to have a majority of independent directors on our general partner’s board of directors or to establish a compensation committee or a nominating and corporate governance committee. Accordingly, unitholders do not have the same protections afforded to certain corporations that are subject to all of the NYSE corporate governance requirements.

We incur increased costs as a result of being a publicly-traded partnership.

As a publicly-traded partnership, we incur significant legal, accounting and other expenses that we did not incur prior to our initial public offering. In addition, the Sarbanes-Oxley Act of 2002, as well as rules implemented by the SEC and the NYSE, require publicly-traded entities to adopt various corporate governance practices that will further increase our costs. Before we are able to make distributions to our unitholders, we must first pay or reserve cash for our expenses, including the costs of being a publicly-traded partnership. As a result, the amount of cash we have available for distribution to our unitholders will be affected by the costs associated with being a publicly-traded partnership.

As a result of our initial public offering, we became subject to the public reporting requirements of the Exchange Act. We expect these rules and regulations to increase certain of our legal and financial compliance costs and to make activities more time-consuming and costly. For example, as a result of becoming a publicly-traded partnership, we are

required to have at least three independent directors, create an audit committee and adopt policies regarding internal controls and disclosure controls and procedures, including the preparation of reports on internal controls over financial reporting. In addition, we will incur additional costs associated with our SEC reporting requirements.

We also expect to incur significant expense in order to obtain director and officer liability insurance. Because of the limitations in coverage for directors, it may be more difficult for us to attract and retain qualified persons to serve on our board or as executive officers.

Tax Risks to Common Unitholders

Our tax treatment depends on our status as a partnership for federal income tax purposes, as well as us not being subject to a material amount of entity-level taxation. If the IRS were to treat us as a corporation for federal income tax purposes, or if we become subject to entity-level taxation for state tax purposes, our cash available for distribution 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.

Despite the fact that we are organized as a limited partnership under Delaware law, we would be treated as a corporation for U.S. federal income tax purposes unless we satisfy a “qualifying income” requirement. Based upon our current operations, we believe we satisfy the qualifying income requirement. We have requested and obtained a favorable private letter ruling from the Internal Revenue Service to the effect that, based on facts presented in the private letter ruling request, our income from the delivery of water and the collection, treatment, and transport of flowback, produced water, and other fluids constitutes “qualifying income” within the meaning of Section 7704 of the Internal Revenue Code. However, no ruling has been or will be requested regarding our treatment as a partnership for U.S. federal income tax purposes. Failing to meet the qualifying income requirement or a change in current law could cause us to be treated as a corporation for U.S. 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 U.S. federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 35%. Distributions to our unitholders would generally be taxed again as corporate distributions, and no income, gains, losses or deductions would flow through to our unitholders. Because a tax would be imposed upon us as a corporation, our cash available for distribution to our unitholders would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to the unitholders, likely causing a substantial reduction in the value of our common units.

Our partnership agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for U.S. federal, state or local income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law on us. At the state level, several states have been evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise or other forms of taxation. Specifically, we currently own assets and conduct business in Pennsylvania and Ohio. Imposition of a similar tax on us in other jurisdictions that we may expand to could substantially reduce our cash available for distribution to our unitholders.

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

The present U.S. 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. For example, the Fiscal Year 2017 Budget proposed by the President recommends that certain publicly traded partnerships earning income from activities related to fossil fuels be taxed as corporations beginning in 2022. From time to time, members of Congress propose and consider such substantive changes to the existing U.S. federal income tax laws that affect publicly traded partnerships. If successful, the Obama administration’s proposal or other similar 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.

In addition, the Internal Revenue Service, on May 5, 2015, issued proposed regulations concerning which activities give rise to qualifying income within the meaning of Section 7704 of the Internal Revenue Code. We do not believe the proposed regulations affect our ability to qualify as a publicly traded partnership. However, finalized regulations could modify the amount of our gross income that we are able to treat as qualifying income for the purposes of the qualifying income requirement.

Any modification to the U.S. federal income tax laws may be applied retroactively and could make it more difficult or impossible for us to meet the exception for certain publicly traded partnerships to be treated as partnerships for U.S. federal income tax purposes. We are unable to predict whether any of these changes or other proposals will ultimately be enacted. Any such changes could negatively impact the value of an investment in our common units.

If the IRS were to contest the federal income tax positions we take, it may adversely impact the market for our common units, and the costs of any such contest would reduce cash available for distribution to our unitholders. Recently enacted legislation alters the procedures for assessing and collecting taxes due for taxable years beginning after December 31, 2017, in a manner that could substantially reduce cash available for distribution to you.

We have not requested a ruling from the IRS with respect to our treatment as a Partnership for U.S. federal income tax purposes. The IRS may adopt positions that differ from the conclusions of our counsel 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. A court may not agree with some or all of our counsel's conclusions or positions we take. Any contest with the IRS may materially and adversely impact the market for our common units and the price at which they trade. Moreover, the costs of any contest between us and the IRS will result in a reduction in cash available for distribution to our unitholders and thus will be borne indirectly by our unitholders.

Recently enacted legislation applicable to us for taxable years beginning after December 31, 2017 alters the procedures for auditing large partnerships and also alters the procedures for assessing and collecting taxes due (including applicable penalties and interest) as a result of an audit. Unless we are eligible to (and choose to) elect to issue revised Schedules K-1 to our partners with respect to an audited and adjusted return, the IRS may assess and collect taxes (including any applicable penalties and interest) directly from us in the year in which the audit is completed under the new rules. If we are required to pay taxes, penalties and interest as the result of audit adjustments, cash available for distribution to our unitholders may be substantially reduced. In addition, because payment would be due for the taxable year in which the audit is completed, unitholders during that taxable year would bear the expense of the adjustment even if they were not unitholders during the audited taxable year.

Tax gain or loss on 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 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 units our unitholders sell will, in effect, become taxable income to our unitholders if they sell such units at a price greater than their tax basis in those units, even if the price our unitholders receive is less than their original cost. Furthermore, a substantial portion of the amount realized, 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 a unitholder's 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.

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 ("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. Allocations and/or distributions to non-U.S. persons will be subject to withholding taxes imposed at the highest effective tax rate applicable to such non-U.S. persons, and each non-U.S. person will be required to file United States federal tax returns and pay tax on their share of our taxable income. If our unitholders are a tax-exempt entity or a non-U.S. person, they should consult their 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 common units actually purchased. The IRS may challenge this treatment, which could adversely affect the value of the common units.

Because we cannot match transferors and transferees of our common units and because of other reasons, we will adopt depreciation and amortization positions that may not conform to all aspects of existing Treasury Regulations. Our counsel is unable to opine as to the validity of this approach. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to you. It also could affect the timing of these tax benefits or the amount of gain from your sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to your tax returns.

We prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common 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 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 U.S. Department of the Treasury recently adopted final Treasury Regulations allowing a similar monthly simplifying convention for taxable years beginning on or after August 3, 2015. However, the proposed regulations do not specifically authorize the use of the proration method we have adopted. If the IRS were to challenge our proration method or new Treasury Regulations were issued, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

A unitholder whose units are the subject of a securities loan (e.g., a loan to a “short seller” to cover a short sale of units) may be considered to have disposed of those units. If so, the unitholder would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and could recognize gain or loss from the disposition.

Because there are no specific rules governing the U.S. federal income tax consequence of loaning a partnership interest, a unitholder whose units are the subject of a securities loan may be considered to have disposed of the loaned units. In that case, the unitholder may no longer be treated for tax purposes as a partner with respect to those 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, any of our income, gain, loss or deduction with respect to those units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a securities loan are urged to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their units.

We have adopted certain valuation methodologies in determining unitholder’s allocations of income, gain, loss and deduction. The IRS may challenge these methods 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 respective 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 respective 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 amount, character, and timing 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.

The sale or exchange of 50% or more of our capital and profits interests during any twelve-month period will result in the termination of our partnership for federal income tax purposes.

We will be considered to have terminated for federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a twelve-month period. As of December 31, 2015, Rice Energy indirectly owned 41% of the total interests in our capital and profits. Therefore, a transfer by Rice Energy of all or a portion of its interests in us could, in conjunction with the trading of common units held by the public, result in a termination of our partnership for federal income tax purposes. For purposes of determining whether the 50% threshold has been met, multiple sales of the same interest will be counted only once.

Our termination would, among other things, result in the closing of our taxable year for all unitholders, which would result in us filing two tax returns for one calendar year and could result in a significant deferral of depreciation deductions allowable in computing our taxable income. In the case of a unitholder reporting on a taxable year other than a calendar year, the closing of our taxable year may also result in more than twelve months of our taxable income or loss being includable in taxable income for the unitholder’s taxable year that includes our termination. Our termination would not affect our classification as a partnership for federal income tax purposes, but it would result in

our being treated as a new partnership for U.S. federal income tax purposes following the termination. If we were treated as a new partnership, we would be required to make new tax elections and could be subject to penalties if we were unable to determine that a termination occurred. The IRS recently announced a relief procedure whereby if a publicly-traded partnership that has technically terminated requests and the

IRS grants special relief, among other things, the partnership may be permitted to provide only a single Schedule K-1 to unitholders for the two short tax periods included in the year in which the termination occurs.

As a result of investing in our common units, our unitholders may become subject to state and local taxes and income tax return filing requirements in jurisdictions where they do not live.

In addition to U.S. federal income taxes, our unitholders may be subject to other taxes, including foreign, 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 foreign, 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 currently own assets and conduct business in Pennsylvania and Ohio, each of which imposes a personal income tax on individuals. As we make acquisitions or expand our business, we may own assets or conduct business in additional states that impose a personal income tax. It is our unitholders responsibility to file all United States federal, foreign, state and local tax returns. Our counsel has not rendered an opinion on the state or local tax consequences of an investment in our common units.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The information required by Item 2 is contained in Item 1. Business.

Item 3. Legal Proceedings

We are party to various legal and/or regulatory proceedings from time to time arising in the ordinary course of business. While the ultimate outcome and impact to us cannot be predicted with certainty, we believe that all such matters involve amounts which, if resolved unfavorably, either individually or in the aggregate, will not have a material adverse effect on our financial condition, results of operations or cash flows. When we determine that a loss is probable of occurring and is reasonably estimable, we accrue an undiscounted liability for such contingencies based on its best estimate using information available at the time. We disclose contingencies where an adverse outcome may be material, or in the judgment of management, the matter should otherwise be disclosed.

Environmental Proceedings

In September 2015, we received a Notice of Proposed Assessment from the PADEP of proposed civil penalties related to seven Notices of Violations (“NOVs”) regarding pipeline construction activities and alleged unauthorized discharges. Prior to and since receiving the NOVs, we have cooperated with the PADEP and in all cases remediated the affected areas under the NOVs. We do not expect that any ultimate sanction will have a material impact on our financial results, however, resolution of these matters may result in monetary sanctions of more than \$100,000.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Unitholder Matters and Issuer Purchases of Equity Securities Market Information. Our common units are listed on the NYSE under the symbol “RMP.” The high and low sales prices reflected on the NYSE per unit for 2015 are summarized below:

(in U.S. dollars per share)	2015		Distributions per Common Unit	2014		Distributions per Common Unit ⁽²⁾
	High	Low		High ⁽¹⁾	Low ⁽¹⁾	
1st Quarter	\$17.19	\$12.91	\$0.0204	\$—	\$—	\$—
2nd Quarter	\$18.17	\$14.21	\$0.1875	\$—	\$—	\$—
3rd Quarter	\$17.65	\$11.07	\$0.1905	\$—	\$—	\$—
4th Quarter	\$16.44	\$10.63	\$0.1935	\$18.02	\$15.48	\$—

Our common units began trading on the NYSE on December 16, 2014. The daily high and low sales prices per (1) common unit represent the period from December 17, 2014 (the initial listing date of the units) through December 31, 2014.

(2) No distributions were made to unitholders during the year ended December 31, 2014.

On February 22, 2016, the last sales price of our common units, as reported on the NYSE, was \$11.06 per common unit.

On January 22, 2016, the Board of Directors of our general partner declared a cash distribution to our unitholders of \$0.1965 per common and subordinated unit for the fourth quarter of 2015. The cash distribution was paid on February 11, 2016, to unitholders of record at the close of business on February 2, 2016.

Holders. The number of unitholders of record of our common units was approximately 44 as of February 22, 2016. The number of registered holders does not include holders that have common units held for them in “street name,” meaning that the common units are held for their accounts by a broker or other nominee. In these instances, the brokers or other nominees are included in the number of registered holders, but the underlying unitholders that have units held in “street name” are not.

We have also issued 28,753,623 subordinated units for which there is no established public trading market. All of the subordinated units are held by GP Holdings. GP Holdings receives quarterly distributions on these units only after sufficient distributions have been paid to the common units.

Certain Information from our Partnership Agreement. Set forth below is a summary of certain provisions of our partnership agreement that relate to cash distributions and incentive distribution rights.

Our Cash Distribution Policy. Within 60 days after the end of each quarter, it is our intent to distribute to the holders of common and subordinated units on a quarterly basis the minimum quarterly distribution of \$0.1875 per unit (or \$0.75 on an annualized basis) to the extent we have sufficient cash after the establishment of cash reserves and the payment of our expenses, including payments to our general partner and its affiliates.

Limitations on Cash Distributions and Our Ability to Change Our Cash Distribution Policy. There is no guarantee that we will make cash distributions to our unitholders. We do not have a legal or contractual obligation to pay distributions quarterly or on any other basis or at our minimum quarterly distribution rate or at any other rate. Our cash distribution policy is subject to certain restrictions and may be changed at any time.

The reasons for such uncertainties in our stated cash distribution policy include the following factors:

Our cash distribution policy is subject to restrictions on cash distributions under our revolving credit facility, which contains financial tests and covenants that we must satisfy. Should we be unable to satisfy these restrictions or if we are otherwise in default under our revolving credit facility, we will be prohibited from making cash distributions to our unitholders notwithstanding our stated cash distribution policy.

Our general partner has the authority to establish cash reserves for the prudent conduct of our business, including for future cash distributions to our unitholders, and the establishment of or increase in those reserves could result in a reduction in cash distributions from levels we currently anticipate pursuant to our stated cash distribution policy. Our partnership agreement does not set a limit on the amount of cash reserves that our general partner may establish.

Prior to making any distribution on the common units, we will reimburse our general partner and its affiliates (including Rice Energy) for all direct and indirect expenses they incur on our behalf. Our partnership agreement does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates. Our obligations to reimburse our general partner and its affiliates are governed by our partnership agreement and the Omnibus Agreement. The reimbursement of expenses and payment of fees, if any, to our general partner and its affiliates will reduce the amount of cash available to pay distributions to our unitholders.

Even if our cash distribution policy is not modified or revoked, the amount of distributions we pay under our cash distribution policy and the decision to make any distribution is determined by our general partner.

Under Section 17-607 of the Delaware Act, we may not make a distribution if the distribution would cause our liabilities to exceed the fair value of our assets.

We may lack sufficient cash to pay distributions to our unitholders due to cash flow shortfalls attributable to a number of operational, commercial or other factors detailed in this prospectus as well as increases in our operating or general and administrative expenses, principal and interest payments on our debt, tax expenses, working capital requirements and anticipated cash needs. Our cash available for distribution to common unitholders is directly impacted by our cash expenses necessary to run our business and will be reduced dollar-for-dollar to the extent such uses of cash increase.

If we make distributions out of capital surplus, as opposed to operating surplus, any such distributions would constitute a return of capital and would result in a reduction in the minimum quarterly distribution and the target distribution levels. We do not anticipate that we will make any distributions from capital surplus.

If and to the extent our cash available for distribution materially declines, we may elect to reduce our quarterly cash distributions in order to service or repay our debt or fund expansion capital expenditures.

General Partner Interest. Our general partner owns a non-economic general partner interest in us, which does not entitle it to receive cash distributions. However, our general partner may in the future own common units or other equity interests in us and will be entitled to receive distributions on any such interests.

Subordinated Units. Rice Midstream GP Holdings LP (“GP Holdings”) owns all of our subordinated units. The principal difference between our common units and subordinated units is that, for any quarter during the “subordination period,” holders of the subordinated units will not be entitled to receive any distribution from operating surplus until the common units have received the minimum quarterly distribution for such quarter plus any arrearages in the payment of the minimum quarterly distribution from prior quarters. Subordinated units will not accrue arrearages.

When the subordination period ends, each outstanding subordinated unit will convert into one common unit, which will then participate pro-rata with the other common units in distributions.

Incentive Distribution Rights. All of the incentive distribution rights are held by GP Holdings. Incentive distribution rights represent the right to receive increasing percentages (15%, 25% and 50%) of quarterly distributions from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved.

For any quarter in which we have distributed cash from operating surplus to the common and subordinated unitholders in an amount equal to the minimum distribution and distributed cash from surplus to the outstanding common units to eliminate any cumulative arrearages in payment of the minimum quarterly distribution, then we will distribute any additional cash from operating surplus for that quarter among the unitholders and the incentive distribution rights holders in the following manner:

	Total Quarterly Distribution Per Unit	Marginal Percentage Interest in Distributions	
		Unitholders	Incentive Distribution Rights Holders
Minimum Quarterly Distribution	\$0.1875	100%	—%
First Target Distribution	above \$0.1875 up to \$0.2156	100%	—%
Second Target Distribution	above \$0.2156 up to \$0.2344	85%	15%
Third Target Distribution	above \$0.2344 up to \$0.2813	75%	25%
Thereafter	above \$0.2813	50%	50%

Securities Authorized for Issuance under Equity Compensation Plans. See “Item 12. Security Ownership of Certain Beneficial Owners and Management” for information regarding our equity compensation plans as of December 31, 2015.

Issuer Purchases of Equity Securities. We did not repurchase any of our common units in the year ended December 31, 2015.

Item 6. Selected Financial Data

Set forth below is our selected consolidated financial data as of and for the years ended December 31, 2015, 2014 and 2013. The selected historical consolidated financial data set forth below is not intended to replace our consolidated financial statements. The selected consolidated financial data in this report is for periods prior to the acquisition of the Water Assets on November 4, 2015, which was a transaction between entities under common control. As such, our consolidated financial statements have been retrospectively recast for all periods presented to include the historical results of the Water Assets. You should read the following data along with “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and related notes, each of which is included in this report. We believe that the assumptions underlying the preparation of our consolidated financial statements are reasonable.

(in thousands, except unit data)	Year Ended December 31,		
	2015	2014	2013
Statement of operations data:			
Total operating revenues	\$114,459	\$6,448	\$498
Total operating expenses	52,423	37,015	5,706
Operating income (loss)	62,036	(30,567)	(5,208)
Net income (loss)	52,495	(31,328)	(9,012)
Net income attributable to RMP	45,199	1,162	
Net income attributable to RMP per limited partner unit (basic and diluted) ⁽¹⁾			
Common units	\$0.76	\$0.02	
Subordinated units	0.76	0.02	
Balance sheet data (at period end):			
Cash	\$7,597	\$26,834	
Total property and equipment, net	578,026	323,871	
Total assets	689,790	443,091	
Total long-term debt	143,000	—	
Total partners’ capital/parent net equity	511,834	429,944	
Net cash provided by (used in):			
Operating activities	\$70,006	\$(25,021)	\$(7,186)
Investing activities	(379,991)	(336,273)	(44,244)
Financing activities	290,748	387,980	51,578
Operating data:			
Gathering volumes (MDth/d)			
Affiliate	547	345	95
Third-party	100	33	—
Compression volumes (MDth/d)			
Affiliate	33	—	—
Third-party	31	—	—
Water services volumes (MMgal)			
Affiliate	600	—	—
Third-party	177	—	—
Other financial data (unaudited):			
Adjusted EBITDA ⁽²⁾	\$63,780	\$(9,541)	\$(4,018)

Net income per limited partner unit is presented only for the periods subsequent to our initial public offering and (1) does not include results attributable to the Water Assets prior to their acquisition as these results are not attributable to limited partners of the Partnership.

(2) Please read “—Non-GAAP Financial Measures.”

Non-GAAP Financial Measures

We define Adjusted EBITDA as net income (loss) before interest expense, income tax benefit, depreciation expense and non-cash equity compensation expense and certain other items management believes affect the comparability of operating results.

Adjusted EBITDA is a non-GAAP supplemental financial measure that management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies, may use to assess:

- the financial performance of our assets, without regard to financing methods, capital structure or historical cost basis;
- our operating performance and return on capital as compared to other companies in the midstream energy sector, without regard to historical cost basis or, in the case of Adjusted EBITDA, financing or capital structure;
- our ability to incur and service debt and fund capital expenditures;
- the ability of our assets to generate sufficient cash flow to make distributions to our unitholders; and
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

We believe that the presentation of Adjusted EBITDA will provide useful information to investors in assessing our financial condition and results of operations. The measure of the accounting principles generally accepted in the United States (“GAAP”) most directly comparable to Adjusted EBITDA is net income and net cash provided by (used in) operating activities. Our non-GAAP financial measure of Adjusted EBITDA should not be considered as an alternative to GAAP net income or net cash provided by (used in) operating activities. Adjusted EBITDA has important limitations as an analytical tool because it excludes some but not all items that affect net income and net cash provided by (used in) operating activities. You should not consider Adjusted EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA may be defined differently by other companies in our industry, our definition of Adjusted EBITDA may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

The following table presents a reconciliation of the non-GAAP financial measure of Adjusted EBITDA to the GAAP financial measures of net income (loss) and cash used in operating activities.

(in thousands)	Year ended December 31		
	2015	2014	2013
Adjusted EBITDA reconciliation to Net income (loss):			
Net income (loss)	\$52,495	\$(31,328)	\$(9,012)
Interest expense	3,164	13,571	3,804
Income tax expense (benefit)	5,812	(12,920)	—
Depreciation expense	16,399	4,165	1,190
Acquisition costs	—	1,519	—
Amortization of intangible assets	1,632	1,156	—
Non-cash equity compensation expense	4,501	816	—
Incentive unit expense	1,044	13,480	—
Amortization of deferred financing costs	576	—	—
Other expense	543	—	—
Adjusted EBITDA attributable to Water Assets prior to acquisition ⁽¹⁾	(22,386)	—	—
Adjusted EBITDA	\$63,780	\$(9,541)	\$(4,018)
Reconciliation of Adjusted EBITDA to Cash provided by (used in) operating activities:			
Adjusted EBITDA	\$63,780	\$(9,541)	\$(4,018)
Interest expense	(3,164)	(13,571)	(3,804)
Acquisition costs	—	(1,519)	—
Other expense	(543)	—	—
Changes in operating assets and liabilities which (used) provided cash	(12,453)	(390)	636
Adjusted EBITDA attributable to Water Assets prior to acquisition ⁽¹⁾	22,386	—	—
Net cash provided by (used in) operating activities	\$70,006	\$(25,021)	\$(7,186)

Adjusted EBITDA attributable to the Water Assets prior to their acquisition is excluded from our adjusted (1)EBITDA calculation as these amounts were generated by our general partner prior to the acquisition and are not attributable to our limited partners.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this Annual Report. The following discussion contains "forward-looking statements" that reflect our future plans, estimates, beliefs and expected performance. We caution that assumptions, expectations, projections, intentions, or beliefs about future events may, and often do, vary from actual results and the differences can be material. Please read "Cautionary Statement Regarding Forward-Looking Statements." Also, please read the risk factors and other cautionary statements described under the heading "Item 1A.—Risk Factors" included elsewhere in this Annual Report. We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law. Additionally, as discussed below, our consolidated financial statements have been retrospectively recast for all periods presented to include the historical results of the Water Assets (defined below), which were acquired on November 4, 2015, as the transaction was accounted for as a combination of entities under common control.

Overview

We are a fee-based, growth-oriented limited partnership formed by Rice Energy (NYSE: RICE) to own, operate, develop and acquire midstream assets in the Appalachian Basin. Our assets consist of natural gas gathering, compression and water services assets servicing high quality producers in the rapidly developing dry gas cores of the Marcellus and Utica Shales. We provide our services under long-term, fee-based contracts, primarily to Rice Energy in its core operating areas. We believe that our strategically located assets, high quality customers and relationship with Rice Energy position us to become a leading midstream energy company in the Appalachian Basin.

We operate in two business segments: (i) gathering and compression and (ii) water services. The gathering and compression segment provides natural gas gathering and compression services for Rice Energy and third parties in the Appalachian Basin. The water services segment is engaged in the provision of water services to support well completion activities and to collect and recycle or dispose of flowback and produced water for Rice Energy and third parties in the Appalachian Basin.

Our Operations

Gas Gathering and Compression

Our gas gathering and compression assets are located within highly-concentrated acreage positions in the dry gas core of the Marcellus Shale and, as of December 31, 2015, consisted of a 3.3 MMDth/d high-pressure dry gas gathering system and associated compression in Washington County, Pennsylvania and a 840 MDth/d high-pressure dry gas gathering system in Greene County, Pennsylvania. The dry gas core of the Marcellus Shale in southwestern Pennsylvania is characterized by a combination of low development cost, consistently high production volumes and access to multiple takeaway pipelines, resulting in what Rice Energy believes to be among the highest rate of return wells.

We contract with Rice Energy and other producers to gather natural gas from wells and well pads located in our dedicated areas and/or near our gathering systems. The natural gas that we gather generally requires no processing or treating prior to delivery into interstate takeaway pipelines, and as of December 31, 2015, required only minimal compression. Over time, we expect to provide associated compression services on our gathering systems to Rice Energy and third parties.

We generate all of our gas gathering and compression revenues pursuant to long-term, fixed-fee contracts with Rice Energy and other leading Appalachian Basin producers. We generate revenue primarily by charging fixed fees for volumes of natural gas that we gather and compress through our systems. Our assets have been sized to accommodate the projected future production growth of Rice Energy and third parties, as well as to allow us to pursue volumes from additional third parties.

The following provides a summary of the key terms of our gas gathering and compression agreements as of December 31, 2015.

	Remaining Term (Years)	Gathering Fee	Compression Fee ⁽¹⁾	Escalation /Adjustment Mechanism ⁽²⁾	Dedicated Acres
Rice Energy	14	\$0.30 / Dth	\$0.07 / stage / Dth	Yes	Washington and Greene Counties ⁽³⁾
Third Parties ⁽⁴⁾	10	\$0.43 / Dth	varies	Yes	66,000 acres in Washington County

(1) Compression fees under our gas gathering and compression agreements with Rice Energy and third parties are typically derived on a per stage basis. However, under certain of our third-party agreements, the per stage fees charged for compression varies depending on line pressure as opposed to being a flat fee per stage. Accordingly, the third-party compression fee is shown on a weighted average based on historical throughput.

(2) The gathering and compression fees we receive under our gathering and compression agreements will be annually escalated based upon changes in the Consumer Price Index.

(3) The dedicated area from Rice Energy excludes the first 40.0 MDth/d of Rice Energy’s Marcellus Shale dry gas production from an area roughly encompassing three townships in southwestern Greene County under an existing dedication to a third party in which Rice Energy owned approximately 19,000 gross acres as of December 31, 2015.

(4) Amounts shown for third parties represent weighted averages based on historical throughput in the case of remaining term, gathering fee and compression fee (based on the year ended December 31, 2015), and in the case of dedications, aggregate acres.

As we do not take ownership of the natural gas we gather and compress, we generally do not have direct exposure to fluctuations in commodity prices and basis differentials. However, we have some indirect exposure to commodity prices and basis differentials in that persistently low realized sales prices by our customers may cause them to delay drilling or shut-in production, which would reduce the volumes of natural gas available for gathering and compression on our systems. Please read “Item 7A.—Quantitative and Qualitative Disclosures about Market Risk” in the Annual Report.

Water Services

On November 4, 2015, we entered into a purchase and sale agreement (“Purchase Agreement”) by and between the Partnership and Rice Energy. Pursuant to the terms of the Purchase Agreement, we acquired from Rice Energy all of the outstanding limited liability company interests of PA Water and OH Water, two wholly-owned indirect subsidiaries of Rice Energy that own and operate Rice Energy’s water services business. The Water Assets provide access to 19.4 MMgal/d of fresh water from the Monongahela River, the Ohio River and other regional water sources in Pennsylvania and Ohio. Rice Energy has also granted us, until December 31, 2025, (i) the exclusive right to develop water treatment facilities in the areas of dedication defined in the Water Services Agreements and (ii) an option to purchase any water treatment facilities acquired by Rice Energy in such areas at Rice Energy’s acquisition cost (the “Option”).

In connection with the closing of the acquisition of the Water Assets on November 4, 2015, we entered into the Water Services Agreements with Rice Energy, whereby we have agreed to provide certain fluid handling services to Rice Energy, 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 for Rice Energy within areas of dedication in defined service areas in Pennsylvania and Ohio. The initial term of the Water Services Agreements is until December 22, 2029 and from month to month thereafter. Under the agreements, Rice Energy will pay us (i) a variable fee, based on volumes of water supplied, for freshwater deliveries by pipeline directly to the well site, subject to annual CPI adjustments and (ii) a produced water hauling fee of actual out-of-pocket cost incurred by us, plus a 2% margin.

Our Predecessor

In January 2010, Rice Energy began constructing its natural gas gathering systems in southwestern Pennsylvania in conjunction with commencing horizontal development of its Marcellus Shale acreage. Rice Poseidon was formed in July 2013 to hold all of Rice Energy's wholly-owned natural gas gathering, compression and fresh water distribution assets in Pennsylvania. At the time of Rice Poseidon's formation, the only natural gas gathering, compression and fresh water distribution assets in Pennsylvania in which Rice Energy owned any interest that were not held directly by Rice Poseidon were the Alpha Assets, which are treated as having been acquired by our Predecessor upon Rice Energy's acquisition of the

remaining 50% interest in Alpha Shale Resources, LP (“Alpha Shale”) from a third party in January 2014. Prior to the formation of Rice Poseidon, the assets of Rice Poseidon were owned by various subsidiaries of Rice Energy.

As it relates to our Predecessor, when discussing periods:

• prior to the formation of Rice Poseidon in July 2013, refers to the Pennsylvania natural gas gathering, compression and water distribution assets and operations held in various subsidiaries of Rice Energy;

• subsequent to the formation of Rice Poseidon in July 2013 through January 29, 2014, refers to the natural gas gathering, compression and water distribution assets and operations of Rice Poseidon;

• subsequent to January 29, 2014 through April 17, 2014, refers collectively to the natural gas gathering, compression and water distribution assets and operations of Rice Poseidon taken together with the Alpha Assets; and

subsequent to April 17, 2014 up to December 22, 2014, refers collectively to the natural gas gathering, compression and water distribution assets and operations of Rice Poseidon, the Alpha Assets and the Momentum Assets (described below) from their respective dates of acquisition.

Subsequent to January 29, 2014, our Predecessor includes the Alpha Assets, which consist of certain natural gas gathering and compression assets held in Alpha Shale, a wholly-owned subsidiary of Rice Energy. Prior to January 29, 2014, each of Rice Energy and a third party owned a 50% interest in Alpha Shale, a joint venture formed to develop natural gas acreage in the Marcellus Shale. On January 29, 2014, in connection with the completion of its initial public offering, Rice Energy acquired the remaining 50% interest in Alpha Shale.

In addition, on April 17, 2014, Rice Poseidon acquired, from M3 Appalachia Gathering LLC, the Momentum Assets, which consist of a 28-mile, 6- to 16-inch gathering system in eastern Washington County, Pennsylvania, and permits and rights of way in Washington and Greene Counties, Pennsylvania, necessary to construct an 18-mile, 30-inch gathering system connecting the Washington County system to TETCO.

On November 4, 2015, we entered into the Purchase Agreement with Rice Energy, pursuant to which we acquired the Water Assets and the Option. The acquisition of the Water Assets was accounted for as a combination of entities under common control, and as such, our consolidated financial statements have been retrospectively recast for all periods presented to include the historical results of the Water Assets.

Our Predecessor included certain fresh water distribution assets and operations in Pennsylvania that were distributed to Rice Midstream Holdings concurrently with the closing of our initial public offering. These fresh water distribution assets are part of the Water Assets that were acquired on November 4, 2015, and as such, the historical results related to those operations are included for all periods presented.

Factors That Significantly Affect Comparability of Our Financial Condition and Results of Operations

Our future results of operations may not be comparable to the historical results of operations of our Predecessor presented below for the following reasons:

Revenues. There are differences in the way our Predecessor recorded revenues and the way we record revenues. As our assets have historically been a part of the integrated operations of Rice Energy, our Predecessor generally recognized only the costs and did not record revenue associated with the gathering, compression and water services provided to Rice Energy on an intercompany basis. Accordingly, the revenues in our historical consolidated financial statements for periods prior to December 22, 2014 relate generally only to amounts received from third parties for these services. Following our initial public offering, our revenues are generated by existing third-party gas gathering, compression and water services contracts, the gas gathering and compression agreement with Rice Energy and the water services agreements that we entered into with Rice Energy in connection with the closing of our initial public offering. In connection with the acquisition of the Water Assets, we amended and restated our Water Services Agreements, which altered the fee structure for the Water Assets. For additional information regarding our amended and restated Water Services Agreements, please refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Our Operations.”

Midstream Build-out. All of the natural gas gathering, compression and water assets of our Predecessor have been constructed in the last five years. As a result of this build out, the aggregate capacity on our natural gas gathering systems increased to 4.1 MMDth/d as of December 31, 2015 from 3.2 MMDth/d as of December 31, 2014, a 28% increase. Average daily throughput on our natural gas gathering systems increased from 378 MDth/d for the year

ended December 31, 2014 to 647 MDth/d for the year ended December 31, 2015, a 71% increase. Similarly, our fresh water distribution capacity increased to 19.4 MMgal/d as of December 31, 2015 from 8.4 MMgal/d as of December 31, 2014, a 131% increase. Cash capital expenditures with respect to our assets for the year ended December 31, 2014 and the year ended December 31, 2015 were

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\$169.8 million and \$248.5 million, respectively, and we expect incurring total capital expenditures of approximately \$150.0 million for the year ending December 31, 2016.

Rice Energy's Development Focus. With its operational focus on development, Rice Energy, our anchor customer, has focused almost exclusively on pad drilling, in which Rice Energy drills multiple wells on a single well pad (and a single receipt point for our gathering systems) as opposed to one or two wells per pad. As such, within our dedicated area, Rice Energy turned 42 horizontal Marcellus wells and one Upper Devonian well into sales in the year ended December 31, 2015 as compared to 81 horizontal Marcellus and Upper Devonian wells over the preceding five years. Furthermore, Rice Energy has continued to increase the average lateral length of wells drilled, resulting in increased initial throughput volumes per receipt point for our gathering systems.

System Acquisition. As described under "—Our Predecessor," our Predecessor is treated as having acquired two businesses in the first half of 2014. Collectively, the acquired businesses represent approximately 36% of the natural gas volumes on our natural gas gathering systems for the year ended December 31, 2015. Similar to the balance of our assets, the assets and operations acquired were early stage assets, in particular with respect to the Momentum Assets.

General and Administrative Expenses. Our Predecessor's general and administrative expenses included direct and indirect charges for the management of our assets and certain expenses allocated by Rice Energy for general corporate services, such as treasury, accounting and legal services. These expenses were charged or allocated to our Predecessor based on the nature of the expenses and Rice Energy's estimate of the expense attributable to our Predecessor's operations. Under our Omnibus Agreement with Rice Energy, Rice Energy charges us a combination of direct and allocated charges for general and administrative services. We also incur incremental general and administrative expenses attributable to operating as a publicly traded partnership, such as costs associated with: annual and quarterly reporting; tax return and Schedule K-1 preparation and distribution expenses; Sarbanes-Oxley compliance expenses; expenses associated with listing on the NYSE; independent auditor fees; legal fees; investor relations expenses; registrar and transfer agent fees; director and officer liability insurance expenses; and director compensation.

Financing. There are differences in the way we will finance our operations as compared to the way our Predecessor financed its operations. Historically, our Predecessor's operations were financed as part of Rice Energy's integrated operations and our Predecessor did not record any separate costs associated with financing its operations.

Additionally, our Predecessor's largely relied on capital contributions from Rice Energy to satisfy its capital expenditure requirements. For purposes of our Predecessor's historical financial statements, we have recorded our proportionate share of Rice Energy's interest based upon Rice Energy's estimate of the expense attributable to our operations. Based on the terms of our cash distribution policy, we expect that we will distribute most of the cash generated by our operations to our unitholders. As a result, we expect to fund future growth capital expenditures primarily from a combination of borrowings under our revolving credit facility and the issuance of additional equity or debt securities.

How We Evaluate Our Operations

We evaluate our business on the basis of the following key measures:

- our gathering throughput and fresh water services volumes;
- our operating expenses; and
- our Adjusted EBITDA.

Gathering Throughput and Fresh Water Services Volumes

Our management analyzes our performance based on the aggregate amount of throughput volumes on our gathering systems and volumes of fresh water distributed on our fresh water distribution systems. We must connect additional wells or well pads within our dedicated areas in order to maintain or increase volumes on our systems as a whole. Our success in connecting additional wells is impacted by successful drilling and completion activity on the acreage dedicated to our systems, our ability to secure volumes from new wells drilled on non-dedicated acreage, our ability to provide water services to new wells in support of well completion activities, our ability to attract volumes currently serviced by our competitors and our ability to cost-effectively construct new infrastructure to connect new wells.

Operating Expenses

Our management seeks to maximize the profitability of our operations in part by minimizing operating expenses. These expenses are comprised primarily of field operating costs (which include labor and measurement services,

among other items),

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compression, pumping and procurement expense and other operating costs, some of which are independent of the volumes through our systems but fluctuate depending on the scale of our operations during a specific period.

We plan to utilize Rice Energy's operational, technical and administrative personnel to enhance our operating efficiency and overall asset utilization. In some instances, these services are available to us at a low cost compared to the expense of developing these functions internally, and we intend to use Rice Energy personnel for many general and administrative services that represent a significant expense for competing midstream businesses.

For periods subsequent to our initial public offering, no incentive unit, stock compensation, interest or income tax expense has been allocated to us by Rice Energy. However, Rice Energy continues to allocate such expenses to its subsidiaries other than us, including allocating such expenses to PA Water and OH Water prior to our acquisition thereof. As a result, the financial statements include such expenses allocated to the Water Assets by Rice Energy through November 1, 2015, the effective date of our acquisition of the Water Assets. For periods subsequent to the acquisition of the Water Assets, no such expenses are allocated to the Water Assets.

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss) before interest expense, income tax benefit, depreciation expense, non-cash equity compensation expense and certain other items management believes affect the comparability of operating results. Please see "Item 6. Selected Financial Data—Non-GAAP Financial Measures" for more information on Adjusted EBITDA.

Results of Operations

The following table sets forth selected consolidated operating data for the year ended December 31, 2015 compared to the year ended December 31, 2014 and for the year ended December 31, 2014 compared to the year ended December 31, 2013:

	Year Ended December 31,			Year Ended December 31,		
	2015	2014	Change	2014	2013	Change
Statement of operations: (in thousands)						
Operating revenues:						
Affiliate	\$93,668	\$1,863	\$91,805	\$1,863	\$498	\$1,365
Third-party	20,791	4,585	16,206	4,585	—	4,585
Total operating revenues	114,459	6,448	108,011	6,448	498	5,950
Operating expenses:						
Operation and maintenance expense	14,910	4,773	10,137	4,773	1,412	3,361
General and administrative expense	17,895	11,922	5,973	11,922	3,104	8,818
Incentive unit expense	1,044	13,480	(12,436)	13,480	—	13,480
Depreciation expense	16,399	4,165	12,234	4,165	1,190	2,975
Acquisition costs	—	1,519	(1,519)	1,519	—	1,519
Amortization of intangible assets	1,632	1,156	476	1,156	—	1,156
Other expense	543	—	543	—	—	—
Total operating expenses	52,423	37,015	15,408	37,015	5,706	31,309
Operating income (loss)	62,036	(30,567)	92,603	(30,567)	(5,208)	(25,359)
Other expense	11	(110)	121	(110)	—	(110)
Interest expense	(3,164)	(13,571)	10,407	(13,571)	(3,804)	(9,767)
Amortization of deferred financing costs	(576)	—	(576)	—	—	—
Income (loss) before income taxes	58,307	(44,248)	102,555	(44,248)	(9,012)	(35,236)
Income tax (expense) benefit	(5,812)	12,920	(18,732)	12,920	—	12,920

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Net income (loss) \$52,495 \$(31,328) \$83,823 \$(31,328) \$(9,012) \$(22,316)
Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

Operating revenues. Operating revenues increased from \$6.4 million for the year ended December 31, 2014 to \$114.5 million for the year ended December 31, 2015, an increase of \$108.0 million. The increase year-over-year primarily relates to affiliate gathering revenues associated with our gathering agreement with Rice Energy and affiliate water service revenues associated with our water services agreements with Rice Energy, which were not in place prior to December 22, 2014. Additionally, the increase relates to gathering revenues associated with our existing third-party contracts acquired as part of the

April 2014 acquisition of certain gas gathering assets in Washington and Greene Counties, Pennsylvania (the “Momentum Acquisition”).

Operation and maintenance expense. Total operation and maintenance expense increased from \$4.8 million for the year ended December 31, 2014 to \$14.9 million for the year ended December 31, 2015, an increase of \$10.1 million. The increase was primarily due to an increase in contract labor expenses, additional leases on compression equipment and utility expenses.

General and administrative expense. General and administrative expense increased from \$11.9 million for the year ended December 31, 2014 to \$17.9 million for the year ended December 31, 2015, an increase of \$6.0 million. The increase year-over-year was primarily related to costs associated with Rice Energy personnel that provide us support pursuant to our Omnibus Agreement. Included in general and administrative expense is equity compensation expense of \$4.5 million and \$0.8 million for the years ended December 31, 2015 and December 31, 2014, respectively.

Incentive unit expense. Incentive unit expense for the year ended December 31, 2014 was \$13.5 million. These costs were allocated to us and to the Water Assets based on our estimate of the expense attributable to our operations. The payment obligation as it relates to the incentive units is with Rice Energy Irrevocable Trust and NGP Rice Holdings LLC (“NGP Holdings”) and will not be borne by Rice Energy or by us. Incentive unit expense for the year ended December 31, 2015 of \$1.0 million was allocated to the Water Assets by Rice Energy prior to their acquisition.

Depreciation expense. Depreciation expense increased from \$4.2 million for the year ended December 31, 2014 to \$16.4 million for the year ended December 31, 2015, an increase of \$12.2 million. The increase year-over-year was primarily due to additional assets placed into service in 2015, including assets related to the water services segment.

Acquisition costs. Acquisition costs for the year ended December 31, 2014 were \$1.5 million. These costs were incurred in connection with the Momentum Acquisition.

Amortization of intangible assets. Amortization of intangible assets increased from \$1.2 million for the year ended December 31, 2014 to \$1.6 million for the year ended December 31, 2015. Intangible assets were acquired in connection with the Momentum Acquisition and are amortized over 30 years.

Interest expense. Interest expense decreased from \$13.6 million for the year ended December 31, 2014 to \$3.2 million for the year ended December 31, 2015, a decrease of \$10.4 million. Interest expense for the year ended December 31, 2014 was charged by Rice Energy to us. For the year ended December 31, 2015, we incurred interest expense of \$2.4 million in connection with our revolving credit facility and the Water Assets were allocated \$0.8 million of interest expense from Rice Energy.

Income tax (expense) benefit. The \$12.9 million income tax benefit for the year ended December 31, 2014 was a result of the initial public offering and reorganization of Rice Energy as a corporation subject to U.S. federal income tax. The \$5.8 million income tax expense for the year ended December 31, 2015 was allocated to the Water Assets prior to their acquisition. Following our initial public offering, we are not subject to U.S. federal income tax and certain state income taxes due to our status as a partnership.

Year Ended December 31, 2014 Compared to the Year Ended December 31, 2013

Operating revenues. Revenues from gathering and compression of natural gas increased from \$0.5 million for the year ended December 31, 2013 to \$6.4 million for the year ended December 31, 2014, an increase of \$5.9 million. The increase year-over-year was due to revenues associated with third-party contracts acquired as part of the Momentum Acquisition and the revenues associated with our contract with Rice Energy from December 22, 2014 through the end of the year.

Operation and maintenance expense. Total operation and maintenance expense increased from \$1.4 million for the year ended December 31, 2013 to \$4.8 million for the year ended December 31, 2014, an increase of \$3.4 million. The increase year-over-year was primarily due to our acquisitions of the Alpha Assets and the Momentum Assets and increased expenses associated with our operations including leases for compression equipment, contract labor and permitting.

General and administrative expense. General and administrative expense increased from \$3.1 million for the year ended December 31, 2013 to \$11.9 million for the year ended December 31, 2014, an increase of \$8.8 million. The increase year-over-year was primarily a result of additional employees and associated indirect costs incurred to operate the Partnership. Included in general and administrative expense is equity compensation expense of \$0.8 million for the year ended December 31, 2014.

Incentive unit expense. Incentive unit expense for the year ended December 31, 2014 was \$13.5 million. This expense was triggered by Rice Energy's initial public offering in January 2014 and as such was not applicable for years prior thereto.

These costs have been allocated to us based on our estimate of the expense attributable to our operations. The payment obligation as it relates to the incentive units is with Rice Energy Irrevocable Trust and NGP Holdings and will not be borne by Rice Energy or by us.

Depreciation expense. Depreciation expense increased from \$1.2 million for the year ended December 31, 2013 to \$4.2 million for the year ended December 31, 2014, an increase of \$3.0 million. The increase year-over-year was primarily due to additional assets placed into service in 2014.

Acquisition costs. Acquisition costs for the year ended December 31, 2014 were \$1.5 million. These costs were incurred in connection with the Momentum Acquisition.

Amortization of intangible assets. Amortization of intangible assets for the year ended December 31, 2014 was \$1.2 million. Intangible assets were acquired in connection with the Momentum Acquisition and are amortized over 30 years.

Interest expense. Interest expense increased from \$3.8 million for the year ended December 31, 2013 to \$13.6 million for the year ended December 31, 2014, an increase of \$9.8 million. The increase was primarily due to additional financing necessary by Rice Energy to us to allow for the continued development of our assets.

Income tax benefit. The \$12.9 million income tax benefit for the year ended December 31, 2014 was a result of the initial public offering and reorganization of Rice Energy as a corporation subject to U.S. federal income tax.

Following our initial public offering, we are not subject to U.S. federal income tax and certain state income taxes due to our status as a partnership.

Business Segment Results of Operations

We operate in two business segments: (i) gathering and compression and (ii) water services. The gathering and compression segment provides natural gas gathering and compression services for Rice Energy and third parties in the Appalachian Basin. The water services segment is engaged in the provision of water services to support well completion activities and to collect and recycle or dispose of flowback and produced water for Rice Energy and third parties in the Appalachian Basin.

We evaluate our business segments based on their contribution to our consolidated results based on operating income. Please see “Item 8. Financial Statements—Notes to Consolidated Financial Statements—10. Financial Information by Business Segment” for a reconciliation of each segment’s operating income to our consolidated operating income.

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The following table sets forth selected consolidated operating data for the year ended December 31, 2015 compared to the year ended December 31, 2014 and for the year ended December 31, 2014 compared to the year ended December 31, 2013:

Gathering and Compression Segment

	Year Ended December 31,			Year Ended December 31,		
	2015	2014	Change	2014	2013	Change
Operating data:						
Gathering volumes: (in MDth/d)						
Affiliate	547	345	202	345	95	250
Third-party	100	33	67	33	—	33
Total gathering volumes	647	378	269	378	95	283
Compression volumes: (in MDth/d)						
Affiliate	33	—	33	—	—	—
Third-party	31	—	31	—	—	—
Total compression volumes	64	—	64	—	—	—
Statement of income data: (in thousands)						
Gathering revenues:						
Affiliate	59,734	1,863	57,871	1,863	498	1,365
Third-party	15,980	4,585	11,395	4,585	—	4,585
Total gathering revenues	75,714	6,448	69,266	6,448	498	5,950
Compression revenues:						
Affiliate	1,445	—	1,445	—	—	—
Third-party	52	—	52	—	—	—
Total compression revenues	1,497	—	1,497	—	—	—
Total operating revenues	77,211	6,448	70,763	6,448	498	5,950
Operating expenses:						
Operation and maintenance expense	6,006	3,956	2,050	3,956	1,251	2,705
General and administrative expense	13,886	10,598	3,288	10,598	2,677	7,921
Incentive unit expense	—	11,974	(11,974)	11,974	—	11,974
Depreciation expense	6,310	2,856	3,454	2,856	587	2,269
Acquisition costs	—	1,519	(1,519)	1,519	—	1,519
Amortization of intangible assets	1,632	1,156	476	1,156	—	1,156
Other expense	492	—	492	—	—	—
Total operating expenses	28,326	32,059	(3,733)	32,059	4,515	27,544
Operating income (loss)	\$48,885	\$(25,611)	\$74,496	\$(25,611)	\$(4,017)	\$(21,594)

Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

Gathering volumes. Gathering volumes increased from 378 MDth/d for the year ended December 31, 2014 to 647 MDth/d for the year ended December 31, 2015, an increase of 269 MDth/d. The increase was comprised of an increase in affiliate volumes of 202 MDth/d and third-party volumes of 67 MDth/d. The increase in affiliate gathering volumes was primarily attributable to the continued build-out of our gathering systems. The third-party volume increase was attributable to the Momentum Acquisition.

Operating revenues. Revenues from gathering and compression of natural gas increased from \$6.4 million for the year ended December 31, 2014 to \$77.2 million for the year ended December 31, 2015, an increase of \$70.8 million. The increase year-over-year primarily relates to affiliate gathering revenues associated with our gathering agreement with Rice Energy, which was not in place prior to December 2014, and an increase in gathering revenues associated with our existing third-party contracts acquired in the Momentum Acquisition.

Operation and maintenance expense. Total operation and maintenance expense increased from \$4.0 million for the year ended December 31, 2014 to \$6.0 million for the year ended December 31, 2015, an increase of \$2.1 million. The increase

year-over-year was primarily due to increased expenses associated with the ongoing operation of the gathering assets including contract labor expenses and leases for compression equipment.

General and administrative expense. General and administrative expense increased from \$10.6 million for the year ended December 31, 2014 to \$13.9 million for the year ended December 31, 2015, an increase of \$3.3 million. The increase year-over-year was primarily related to costs associated with Rice Energy personnel that provide us support pursuant to our Omnibus Agreement. Included in general and administrative expense is equity compensation expense of \$3.9 million and \$0.7 million for the years ended December 31, 2015 and December 31, 2014, respectively.

Incentive unit expense. Incentive unit expense for the year ended December 31, 2014 was \$12.0 million. This expense was triggered by Rice Energy's initial public offering in January 2014. These costs have been allocated to the gathering and compression segment based on our estimate of the expense attributable to our operations. The payment obligation as it relates to the incentive units is with Rice Energy Irrevocable Trust and NGP Holdings and will not be borne by Rice Energy or by us.

Depreciation expense. Depreciation expense increased from \$2.9 million for the year ended December 31, 2014 to \$6.3 million for the year ended December 31, 2015, an increase of \$3.5 million. The increase year-over-year was primarily due to additional assets placed into service in 2015.

Acquisition costs. Acquisition costs for the year ended December 31, 2014 were \$1.5 million. These costs were incurred in connection with the Momentum Acquisition.

Amortization of intangible assets. Amortization of intangible assets increased from \$1.2 million for the year ended December 31, 2014 to \$1.6 million for the year ended December 31, 2015. Intangible assets were acquired in connection with the Momentum Acquisition and are amortized over 30 years.

Year Ended December 31, 2014 Compared to the Year Ended December 31, 2013

Gathering volumes. Gathering volumes increased from 95 MDth/d for the year ended December 31, 2013 to 378 MDth/d for the year ended December 31, 2014, an increase of 283 MDth/d. The increase was comprised of an increase in affiliate volumes of 250 MDth/d and the addition of third-party volumes of 33 MDth/d. The increase in affiliate gathering volumes was attributable to the continued build-out of our gathering systems and the acquisition of the Alpha Assets, which represented 131 MDth/d and 119 MDth/d, respectively, of the increase in affiliate volumes. The third-party volume increase was attributable to the Momentum Acquisition.

Operating revenues. Revenues from gathering and compression of natural gas increased from \$0.5 million for the year ended December 31, 2013 to \$6.4 million for the year ended December 31, 2013, an increase of \$6.0 million. The increase year-over-year was due to revenues associated with third-party contracts acquired as part of the Momentum Acquisition and the revenues associated with our contract with Rice Energy from December 22, 2014 through the end of the year.

Operation and maintenance expense. Total operation and maintenance expenses increased from \$1.3 million for the year ended December 31, 2013 to \$4.0 million for the year ended December 31, 2014, an increase of \$2.7 million. The increase year-over-year was primarily due to our acquisitions of the Alpha Assets and the Momentum Assets and increased expenses associated with the ongoing operation of the gathering assets including leases for compression equipment, contract labor and permitting.

General and administrative expense. General and administrative expense increased from \$2.7 million for the year ended December 31, 2013 to \$10.6 million for the year ended December 31, 2014, an increase of \$7.9 million. The increase year-over-year was primarily a result of increases in the allocation of costs from Rice Energy associated with additional employees and associated indirect costs incurred related to the gathering and compression segment.

Included in general and administrative expense is equity compensation expense of \$0.7 million for the year ended December 31, 2014.

Incentive unit expense. Incentive unit expense for the year ended December 31, 2014 was \$12.0 million. This expense was triggered by Rice Energy's initial public offering in January 2014 and as such was not applicable for years prior thereto. These costs have been allocated to the gathering and compression segment based on our estimate of the expense attributable to our operations. The payment obligation as it relates to the incentive units is with Rice Energy Irrevocable Trust and NGP Holdings and will not be borne by Rice Energy or by us.

Depreciation expense. Depreciation expense increased from \$0.6 million for the year ended December 31, 2013 to \$2.9 million for the year ended December 31, 2014, an increase of \$2.3 million. The increase year-over-year was

primarily due to additional assets placed into service in 2014.

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Acquisition costs. Acquisition costs for the year ended December 31, 2014 were \$1.5 million. These costs were incurred in connection with the Momentum Acquisition.

Amortization of intangible assets. Amortization of intangible assets for the year ended December 31, 2014 was \$1.2 million. Intangible assets were acquired in connection with the Momentum Acquisition and are amortized over 30 years.

Water Services Segment

	Year Ended December 31,			Year Ended December 31,		
	2015	2014	Change	2014	2013	Change
Water services volumes: (in MMgal)						
Affiliate	600	—	600	—	—	—
Third-party	177	—	177	—	—	—
Total water services volumes	777	—	777	—	—	—
Operating revenues:						
Affiliate	\$32,488	\$—	\$32,488	\$—	\$—	\$—
Third-party	4,760	—	4,760	—	—	—
Total operating revenues	37,248	—	37,248	—	—	—
Operating expenses:						
Operation and maintenance expense	\$8,904	\$817	\$8,087	\$817	\$161	\$656
General and administrative expense	4,009	1,324	2,685	1,324	427	897
Incentive unit expense	1,044	1,506	(462)	1,506	—	1,506
Depreciation expense	10,089	1,309	8,780	1,309	603	706
Other expense	51	—	51	—	—	—
Total operating expenses	24,097	4,956	19,141	4,956	1,191	3,765
Operating income (loss)	\$13,151	\$(4,956)	\$18,107	\$(4,956)	\$(1,191)	\$(3,765)

Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

Operating revenues. The \$37.2 million increase in operating revenues year-over-year primarily relates to affiliate water service revenues associated with our Water Service Agreements with Rice Energy, which were not in place prior to December 22, 2014.

Operation and maintenance expense. Total operation and maintenance expense increased from \$0.8 million for the year ended December 31, 2014 to \$8.9 million for the year ended December 31, 2015, an increase of \$8.1 million. The increase year-over-year was primarily due to increased expenses associated with the operations of the water services segment including contract labor and utility expenses.

General and administrative expense. General and administrative expense increased from \$1.3 million for the year ended December 31, 2014 to \$4.0 million for the year ended December 31, 2015, an increase of \$2.7 million. The increase year-over-year was primarily a result of increases in the allocation of costs from Rice Energy associated with additional employees and associated indirect costs incurred to operate the water assets. Included in general and administrative expense is equity compensation expense of \$0.6 million and \$0.1 million for the years ended December 31, 2015 and December 31, 2014, respectively.

Incentive unit expense. Incentive unit expense for the year ended December 31, 2014 was \$1.5 million. This expense was triggered by Rice Energy's initial public offering in January 2014. These costs have been allocated to the water services segment based on Rice Energy's estimate of the expense attributable to their operations. The payment obligation as it relates to the incentive units is with Rice Energy Irrevocable Trust and NGP Holdings and will not be borne by Rice Energy or by us. Incentive unit expense for the year ended December 31, 2015 of \$1.0 million was allocated to the water services segment by Rice Energy prior to the acquisition of the Water Assets.

Depreciation expense. Depreciation expense increased from \$1.3 million for the year ended December 31, 2014 to \$10.1 million for the year ended December 31, 2015, an increase of \$8.8 million. The increase year-over-year was primarily due to additional assets placed into service in 2015.

Year Ended December 31, 2014 Compared to the Year Ended December 31, 2013

Operating revenues. The Water Assets have historically been a part of the integrated operations of Rice Energy, and as such, no contractual agreement was in place related to the water services provided to Rice Energy in historical periods prior to December 22, 2014. Additionally, no third-party contracts were in place for the periods presented related to the Water Assets. As no water services were provided to Rice Energy from December 22, 2014 to December 31, 2014, no revenues were recorded for the years ended December 31, 2014 and 2013.

Operation and maintenance expense. Total operation and maintenance expense increased from \$0.2 million for the year ended December 31, 2013 to \$0.8 million for the year ended December 31, 2014, an increase of \$0.6 million. The increase year-over-year was primarily due to increased expenses associated with their operations including contract labor and permitting.

General and administrative expense. General and administrative expense increased from \$0.4 million for the year ended December 31, 2013 to \$1.3 million for the year ended December 31, 2014, an increase of \$0.9 million. The increase year-over-year was primarily a result of increases in the allocation of costs from Rice Energy associated with additional employees and associated indirect costs incurred to operate the water assets. Included in general and administrative expense is equity compensation expense of \$0.1 million for the year ended December 31, 2014.

Incentive unit expense. Incentive unit expense for the year ended December 31, 2014 was \$1.5 million. This expense was triggered by Rice Energy's initial public offering in January 2014 and as such was not applicable for years prior thereto. These costs have been allocated to the water services segment based on Rice Energy's estimate of the expense attributable to their operations. The payment obligation as it relates to the incentive units is with Rice Energy Irrevocable Trust and NGP Holdings and will not be borne by Rice Energy or by us.

Depreciation expense. Depreciation expense increased from \$0.6 million for the year ended December 31, 2013 to \$1.3 million for the year ended December 31, 2014, an increase of \$0.7 million. The increase year-over-year was primarily due to additional assets placed into service in 2014.

Capital Resources and Liquidity

Sources and Uses of Cash

Historically, our sources of liquidity included funding from Rice Energy and cash generated from operations. Prior to our initial public offering, we historically participated in Rice Energy's centralized cash management program, whereby excess cash from most of its subsidiaries was maintained in a centralized account. Following the closing of our initial public offering, we maintain our own bank accounts and sources of liquidity and utilize Rice Energy's cash management system and expertise. The Water Assets have also historically participated in Rice Energy's centralized cash management program prior to their acquisition.

On November 4, 2015, we entered into the Purchase Agreement by and between us and Rice Energy, pursuant to which we acquired the Water Assets and the Option. In consideration for the acquisition of the Water Assets and the Option, we paid Rice Energy \$200.0 million in cash plus an additional amount, if certain of the conveyed systems' capacities increase by 5.0 MMgal/d on or prior to December 31, 2017, equal to \$25.0 million less the capital expenditures expended by the Partnership to achieve such increase, in accordance with the terms of the Purchase Agreement. On November 10, 2015, we completed the private placement of 13,409,961 common units for gross proceeds of approximately \$175.0 million (the "Private Placement"). After deducting underwriting discounts and commissions of \$3.1 million, we received net proceeds of \$171.9 million. The Private Placement closed on November 10, 2015. We used the net proceeds to repay a portion of the borrowings under our revolving credit facility.

We expect that capital and liquidity will be provided by operating cash flow and borrowings under our revolving credit facility, discussed below. We expect cash flow from operations to continue to contribute to our liquidity in the future. However, other sources of liquidity will include borrowing capacity our revolving credit facility and proceeds from the issuance of additional limited partner units. We expect the combination of these capital resources will be adequate to meet our short-term working capital requirements, long-term capital expenditures program and expected quarterly cash distributions.

The Board of Directors of our general partner declared the following cash distributions to our unitholders for the periods presented.

Quarters Ended	Total Quarterly Distribution per Unit	Date of Distribution
December 31, 2014 ⁽¹⁾	\$0.0204	February 20, 2015
March 31, 2015	0.1875	May 14, 2015
June 30, 2015	0.1905	August 13, 2015
September 30, 2015	0.1935	November 12, 2015
December 31, 2015	0.1965	February 11, 2016

⁽¹⁾ The Partnership cash distribution related to the fourth quarter of 2014 was prorated for the 10-day period subsequent to the closing of the Partnership's initial public offering on December 22, 2014 ("IPO").

We expect our future cash requirements relating to working capital, maintenance capital expenditures and quarterly cash distributions to our partners will be funded from cash flows internally generated from our operations. Our expansion capital expenditures will be funded by borrowings under our revolving credit facility or from potential capital market transactions.

Cash Flow Provided by Operating Activities

Net cash used in operating activities was \$25.0 million for the year ended December 31, 2014 and net cash provided by operating activities was \$70.0 million for the year ended December 31, 2015. The increase in cash flow from operations year-over-year was primarily the result of cash flow generated from our gathering, compression and water service contracts with Rice Energy and third parties in 2015 with no comparable cash flow in 2014. Net cash used in operating activities was \$7.2 million for the year ended December 31, 2013 and \$25.0 million for the year ended December 31, 2014. The decrease in cash flow from operations year-over-year was primarily the result of increased operating activities.

Cash Flow Used in Investing Activities

Prior to our initial public offering, our gathering and compression capital expenditures were funded by Rice Energy, and prior to the acquisition of the Water Assets, capital expenditures associated with the Water Assets were funded by Rice Energy.

During the year ended December 31, 2015, we used cash flows in investing activities totaling \$380.0 million to fund capital expenditures for the development of our gathering systems and acquisition of the Water Assets. During the year ended December 31, 2014, we used cash flows in investing activities totaling \$336.3 million primarily to fund the Momentum Acquisition and capital expenditures for our gathering, compression and water systems. During the year ended December 31, 2013, we used cash flows in investing activities totaling \$44.2 million to fund capital expenditures for gathering systems.

Cash Flow Provided by Financing Activities

Net cash provided by financing activities for the year ended December 31, 2015 of \$290.7 million was primarily the result of net proceeds from the Private Placement, net borrowings under our revolving credit facility and contributions from Rice Energy related to the Water Assets prior to their acquisition, which was offset by the excess of purchase price of the Water Assets from Rice Energy and distributions to our limited partners. Net cash provided by financing activities for the year ended December 31, 2014 of \$388.0 million was primarily the result our initial public offering and contributions from Rice Energy, offset by the distribution to Rice Energy in connection with our initial public offering. Prior to our initial public offering and our acquisition of the Water Assets, certain advances from affiliates were viewed as financing transactions as we would have otherwise obtained alternative financing to fund these transactions. Net cash provided by financing activities for the years ended December 31, 2013 of \$51.6 million was the result of contributions by Rice Energy.

Capital Requirements

The midstream business is capital intensive, requiring significant investment for the maintenance of existing assets and the development of new systems and facilities. We categorize our capital expenditures as either:

• **Expansion capital expenditures:** Expansion capital expenditures are cash expenditures to construct new midstream infrastructure and those expenditures incurred in order to extend the useful lives of our assets, reduce costs, increase revenues or increase system capacity from current levels, including well connections that increase existing volumes.

Examples of expansion capital expenditures include the construction, development or acquisition of additional gas gathering and water pipelines, compressor stations, pumping stations and impoundment facilities, in

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each case to the extent such capital expenditures are expected to expand our capacity or our operating income. In the future, if we make acquisitions that increase system throughput or capacity or our operating income, the associated capital expenditures may also be considered expansion capital expenditures.

Maintenance capital expenditures: Maintenance capital expenditures are cash expenditures (including expenditures for the construction or development of new capital assets or the replacement, improvement or expansion of existing capital assets) made to maintain, over the long term, our capacity or revenue. Examples of maintenance capital expenditures are expenditures to repair, refurbish and replace pipelines, to connect new wells and water sources, to maintain gathering, compression and impoundment facilities, to maintain equipment reliability, integrity and safety and to address environmental laws and regulations.

For the year ending December 31, 2016, we plan to invest \$150.0 million, of which \$11.0 million represent estimated maintenance capital expenditures and \$139.0 million represent estimated expansion capital expenditures. Estimated maintenance capital expenditures for the year ending December 31, 2016 reflect management's judgment of the amount of capital that will be needed annually to maintain, over the long term, the operating capacity and operating income of our assets. The types of maintenance capital expenditures that we expect to incur include expenditures to connect additional wells to maintain current volumes and expenditures to replace system components and equipment that have suffered significant wear and tear, become obsolete or approached the end of their useful lives. Our natural gas gathering and water distribution systems have been recently constructed, and as a result we anticipate that they will require minimal levels of capital expenditure to repair wear and tear and sustain their current level of operation. The expansion capital expenditures estimated to be spent during the year ending December 31, 2016 are related to projects that will increase our long-term operating capacity and operating income and position us to capitalize on the growth opportunities we anticipate impacting our dedicated areas in the near-term.

Our future expansion capital expenditures may vary significantly from period to period based on the investment opportunities available to us. We expect our future cash requirements relating to working capital, maintenance capital expenditures and quarterly cash distributions to our partners will be funded from cash flows internally generated from our operations. Our growth or expansion capital expenditures will be funded by borrowings under our revolving credit facility or from potential capital market transactions.

Debt Agreements and Contractual Obligations

Revolving Credit Facility

We, as guarantor, and Rice Midstream OpCo LLC ("Rice Midstream OpCo"), as borrower, entered into a revolving credit facility in connection with the closing of our initial public offering. Our revolving credit facility provides for lender commitments of \$450.0 million, with an additional \$200.0 million of commitments available under an accordion feature subject to lender approval. The credit facility provides for a letter of credit sublimit of \$50.0 million. As of December 31, 2015, Rice Midstream OpCo had \$143.0 million of borrowings outstanding and no letters of credit under this facility. The average daily outstanding balance of the credit facility was approximately \$46.9 million and interest was incurred on the facility at a weighted average annual interest rate of 2.0% during 2015. The revolving credit facility is available to fund working capital requirements and capital expenditures, to purchase assets, to pay distributions and repurchase units and for general partnership purposes. The credit facility matures on December 22, 2019.

On January 13, 2016, we entered into a First Amendment (the "First Amendment") to the revolving credit facility which modified the definition of "Acquisition Period" (as defined in the revolving credit facility) to allow Rice Midstream OpCo to elect in its sole discretion to commence an Acquisition Period when a material acquisition has been consummated. Prior to giving effect to the First Amendment, an Acquisition Period would commence automatically upon consummation of a material acquisition.

Principal amounts borrowed are payable on the maturity date, and interest is payable quarterly for base rate loans and at the end of the applicable interest period for Eurodollar loans. We have a choice of borrowing in Eurodollars or at the base rate. Eurodollar loans bear interest at a rate per annum equal to the applicable LIBOR Rate plus an applicable margin ranging from 175 to 275 basis points, depending on the leverage ratio then in effect. Base rate loans bear interest at a rate per annum equal to the greatest of (i) the agent bank's reference rate, (ii) the federal funds effective rate plus 50 basis points and (iii) the rate for one month Eurodollar loans plus 100 basis points, plus an applicable

margin ranging from 75 to 175 basis points, depending on the leverage ratio then in effect. The carrying amount of the revolving credit facility is comprised of borrowings for which interest accrues under a fluctuating interest rate structure. We also pay a commitment fee based on the undrawn commitment amount ranging from 35 to 50 basis points.

Our revolving credit facility is secured by mortgages and other security interests on substantially all of our properties and guarantees from us and our restricted subsidiaries.

Our revolving credit facility may limit our ability to, among other things:

- incur or guarantee additional debt;
- redeem or repurchase units or make distributions under certain circumstances;
- make certain investments and acquisitions;
- incur certain liens or permit them to exist;
- enter into certain types of transactions with affiliates;
 - merge or consolidate with another company; and
- transfer, sell or otherwise dispose of assets.

Our revolving credit facility also requires us to maintain the following financial ratios:

- an interest coverage ratio, which is the ratio of our consolidated EBITDA (as defined within the revolving credit facility) to our consolidated current interest expense of at least 2.50 to 1.0 at the end of each fiscal quarter;
- a consolidated total leverage ratio, which is the ratio of consolidated debt to consolidated EBITDA, of not more than 4.75 to 1.0, and after electing to issue senior unsecured notes, a consolidated total leverage ratio of not more than 5.25 to 1.0, and, in each case, with certain increases in the permitted total leverage ratio following the completion of a material acquisition; and
- if we elect to issue senior unsecured notes, a consolidated senior secured leverage ratio, which is the ratio of consolidated senior secured debt to consolidated EBITDA, of not more than 3.50 to 1.0.

We were in compliance with such covenants and ratios effective as of December 31, 2015.

Contractual Obligations. A summary of our contractual obligations as of December 31, 2015 is provided in the following table.

(in thousands)	Payments due by period						Total
	For the Year Ending December 31,						
	2016	2017	2018	2019	2020	Thereafter	
Revolving credit facility	\$—	\$—	\$—	\$143,000	\$—	\$—	\$143,000
Operating lease obligations	1,597	907	907	907	342	685	5,345
Total	\$1,597	\$907	\$907	\$143,907	\$342	\$685	\$148,345

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are primarily based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate these estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of these consolidated financial statements. Please read Note 1 of the notes to our consolidated financial statements for an expanded discussion of our significant accounting policies and estimates made by management.

Property and Equipment

Property and equipment primarily consists of gathering and water pipelines and impoundment facilities and is stated at the lower of historical cost less accumulated depreciation, or fair value, if impaired. We capitalize construction-related direct labor and material costs. Maintenance and repair costs are expensed as incurred.

Depreciation is computed over the asset's estimated useful life using the straight-line method, based on estimated useful lives and salvage values of assets. Gathering pipelines and compressor stations are depreciated over a useful life of 60 years and water assets are depreciated over a useful life of 10 to 15 years. Uncertainties that may impact these estimates include, among others, changes in laws and regulations relating to environmental matters, including air and water quality, restoration and abandonment requirements, economic conditions and supply and demand in the area. When assets are placed into service, management makes estimates with respect to useful lives and salvage values that management believes are reasonable. However, subsequent events could cause a change in estimates, thereby impacting future depreciation amounts.

We evaluate the ability to recover the carrying amount of long-lived assets and determine whether such long-lived assets have been impaired. Impairment exists when the carrying amount of an asset exceeds estimates of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. When alternative courses of action to recover the carrying amount of a long-lived asset are under consideration, estimates of future undiscounted cash flows take into account possible outcomes and probabilities of their occurrence. If the carrying amount of the long-lived asset is not recoverable, based on the estimated future undiscounted cash flows, the impairment loss is measured as the excess of the asset's carrying amount over its estimated fair value, such that the asset's carrying amount is adjusted to its estimated fair value with an offsetting charge to impairment expense. No impairments have been recorded in our accompanying consolidated financial statements.

General and Administrative Costs

For periods prior to our initial public offering, general and administrative costs were allocated to our Predecessor based on the nature of the expenses and were allocated based on our estimate of the expense attributable to our operations. These allocations were based on estimates and assumptions that management believes are reasonable. Upon completion of our initial public offering, we entered into an omnibus agreement with Rice Energy, our general partner, Rice Poseidon and Rice Midstream Holdings. Pursuant to the Omnibus Agreement, Rice Energy performs centralized corporate and general and administrative services for us, such as financial and administrative, information technology, legal, health, safety and environmental, human resources, procurement, engineering, business development, investor relations, insurance and tax. In exchange, we reimburse Rice Energy for the expenses incurred in providing these services.

Incentive Unit and Equity Compensation Expenses

Similar to general and administrative expenses, for periods prior to our initial public offering, our Predecessor was allocated its proportionate share of certain incentive unit and stock compensation expenses recognized by Rice Energy based on Rice Energy's estimate of the expense attributable to our Predecessor's operations. For periods subsequent to our initial public offering, no incentive unit and stock compensation expense has been allocated to us by Rice Energy.

However, incentive unit expense and equity compensation expense includes amounts allocated to the Water Assets from Rice Energy for periods subsequent to our initial public offering.

Goodwill

Goodwill is the cost of an acquisition less the fair value of the net identifiable assets of the acquired business. We evaluate goodwill for impairment at least annually during the fourth quarter, 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. We may first consider qualitative factors to assess whether there are indicators that it is more likely than not that the fair value of a reporting unit may not exceed its carrying amount. To the extent that such indicators exist, we would complete the two-step goodwill impairment test. We may also perform the two-step goodwill impairment test at our discretion without performing the qualitative assessment. The first step compares the fair value of a reporting unit to its carrying value. If the carrying amount of a reporting unit exceeds its fair value, the second step is required which compares the implied fair value of the goodwill of a reporting unit to its carrying value. If the carrying value of the goodwill of a reporting unit exceeds its implied fair value, the difference is recognized as an impairment charge. We identify our operations within two reporting units: (i) Gathering and Compression and (ii) Water Services (which had not been ascribed goodwill as of December 31, 2015 and 2014). In estimating the fair value of our Gathering and Compression reporting unit as part of step one of the annual goodwill impairment test, we used the income approach and the market approach. We employed the discounted cash flow method within the income approach which uses significant inputs not observable in the public market (Level 3). For purposes of the income approach, fair value was determined based on the present value of estimated future cash flows, discounted at a risk-adjusted rate of 11.0%. The income approach includes our estimates and assumptions related to future throughput volumes, operating costs, capital spending and changes in working capital. We employed the guideline public company method within the market approach which considers market multiples derived from market prices of publicly traded stocks of companies engaged in similar lines of business. Estimating the fair value requires considerable judgment and determining fair value is sensitive to changes in assumptions impacting management's estimates of the future financial results. Although we believe the estimates and assumptions used in estimating the fair value are reasonable and appropriate, different assumptions and estimates could materially impact the calculated fair value. Additionally, actual future results could differ from our current estimates and assumptions. No impairments for goodwill have been recorded for the year ended December 31, 2015. Additionally, as the fair value exceeded the carrying value by approximately 126% based on the annual goodwill impairment test at, we believe goodwill is not at risk for impairment.

Acquisitions

In accordance with accounting guidance for business combinations between entities under common control, we record assets and liabilities of the acquired entity at their carrying amounts on the date of acquisition. The difference between the carrying amount and the consideration paid is recorded in equity as a capital transaction. Additionally, the financial statements are retrospectively recast for all periods presented as if the assets and liabilities were owned for all periods presented. For additional information on our acquisitions, please read Note 2 to our consolidated financial statements.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers (Topic 606),” or ASU 2014-09. The FASB created Topic 606 which supersedes the revenue recognition requirements in Topic 605, “Revenue Recognition,” and most industry-specific guidance throughout the Industry Topics of the Codification. The FASB and International Accounting Standards Board initiated this joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for both U.S. GAAP and International Financial Reporting Standards. ASU 2014-09 will enhance comparability of revenue recognition practices across entities, industries and capital markets compared to existing guidance. ASU 2014-09 explains that the core principle of the standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and defines a five step process to achieve this core principle. The five step process is to (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when or as the entity satisfies a performance obligation. More judgement and estimates may be required within the new revenue recognition process than are required under existing U.S. GAAP. In August 2015, the FASB issued ASU 2015-14, “Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date.” The amendments in this update deferred the effective date for implementation of ASU 2014-09 by one year. ASU 2014-09 will now be effective for annual reporting periods beginning after December 15, 2017 and should be applied retrospectively using either a full retrospective approach reflecting the application of the standard in each prior reporting period or a retrospective approach with the cumulative effect of initially adopting the standard recognized at the date of adoption. Early application is permitted only for annual reporting periods beginning after December 15, 2016, including interim reporting periods within that period. We have not yet selected a transition method and are currently evaluating the standard and the impact on its consolidated financial statements and footnote disclosures.

In February 2015, the FASB issued ASU, 2015-02, “Consolidation (Topic 810): Amendments to the Consolidation Analysis.” ASU 2015-02 affects reporting entities that are required to evaluate whether they should consolidate certain legal entities. ASU 2015-02 is effective for periods beginning after December 15, 2015 with early adoption permitted. We will adopt ASU 2015-02 in the first quarter of 2016 and do not anticipate adoption of the standard to impact prior conclusions as to whether or not our subsidiaries are consolidated in the consolidated financial statements.

In April 2015, the FASB issued ASU, 2015-03, “Interest—Imputation of Interest (Subtopic 835-30): Simplification of Debt Issuance Costs.” ASU 2015-03 was issued to simplify the presentation of debt issuance costs by requiring debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability, consistent with debt discounts. ASU 2015-03 is effective for periods beginning after December 15, 2015 with early adoption permitted. In August 2015, the FASB issued ASU 2015-15, “Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements.” ASU 2015-15 clarifies the guidance in ASU 2015-03 regarding presentation and subsequent measurement of debt issuance costs related to line-of-credit arrangements. The SEC staff announced they would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. We will adopt ASU 2015-15 in the first quarter of 2016 and present debt issuance costs associated with our revolving credit facility as an asset named deferred financing costs, net in our consolidated balance sheets. Additionally, we will utilize the guidance in ASU 2015-03 for the presentation of debt issuance costs that are the result of an issuance of future debt.

In April 2015, the FASB issued ASU, 2015-06, “Earnings Per Share (Topic 260): Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions.” ASU 2015-6 was issued to clarify the process for updating historical earnings per unit disclosures under the two-class method when a drop-down transaction occurs between entities under common control. ASU 2015-06 is effective for periods beginning after December 15, 2015. The guidance should be applied retrospectively and early adoption is permitted. We have adopted this guidance in the current period and the effects are presented in the consolidated financial statements.

Off-Balance Sheet Arrangements

Currently, we do not have any off-balance sheet arrangements as defined by the SEC. In the ordinary course of business, we enter into various commitment agreements and other contractual obligations, some of which are not recognized in our consolidated financial statements in accordance with GAAP. See Note 4 to our consolidated financial statements for a description of our commitments and contingencies.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risk. The term “market risk” refers to the risk of loss arising from adverse changes in commodity prices and interest rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. This forward-looking information provides indicators of how we view and manage our ongoing market risk exposures.

Commodity Price Risk

The gas gathering and compression agreement with Rice Energy provides for fixed-fee structures, and we intend to continue to pursue additional fixed-fee opportunities with Rice Energy and third parties in order to avoid direct commodity price exposure. However, to the extent that our future contractual arrangements with Rice Energy or third parties do not provide for fixed-fee structures, we may become subject to commodity price risk. Moreover, we have some indirect exposure to commodity prices and basis differentials in that persistently low realized sales prices by our customers may cause them to delay drilling or shut in production, which would reduce the volumes of natural gas available for gathering and compression on our systems. Please read “Item 1A. Risk Factors—Risks Related to Our Business—Our exposure to commodity price risk may change over time.”

Interest Rate Risk

As of December 31, 2015, Rice Midstream OpCo had \$143.0 million borrowings and no letters of credit outstanding under the revolving credit facility. Under the revolving credit facility, Rice Midstream OpCo may elect to borrow in Eurodollars or at the base rate. Eurodollar loans will bear interest at a rate per annum equal to the applicable LIBOR Rate plus an applicable margin ranging from 175 to 275 basis points, depending on the leverage ratio then in effect. Base rate loans bear interest at a rate per annum equal to the greatest of (i) the agent bank’s reference rate, (ii) the federal funds effective rate plus 50 basis points and (iii) the rate for one month Eurodollar loans plus 100 basis points, plus an applicable margin ranging from 75 to 175 basis points, depending on the leverage ratio then in effect. Our primary interest rate risk exposure results from our revolving credit facility, which has a floating interest rate. The average annual interest rate incurred on our revolving credit facility during the year ended December 31, 2015 was approximately 2.0%. A 1.0% increase in each of the applicable average interest rates during the year ended December 31, 2015 would have resulted in a \$0.5 million estimated increase in interest expense for that period.

As of December 31, 2015, we did not have any derivatives in place to mitigate the effects of interest rate risk. We may implement an interest rate hedging strategy in the future.

Credit Risk

We are dependent on Rice Energy as our most significant current customer, and we expect to derive a substantial majority of our revenues from Rice Energy for the foreseeable future. As a result, any event, whether in our dedicated areas or otherwise, that adversely affects Rice Energy’s production, drilling schedule, financial condition, leverage, market reputation, liquidity, results of operations or cash flows may adversely affect our revenues and cash available for distribution.

Further, we are subject to the risk of non-payment or non-performance by Rice Energy, including with respect to our gathering and compression agreement. We cannot predict the extent to which Rice Energy’s business would be impacted if conditions in the energy industry were to deteriorate, nor can we estimate the impact such conditions would have on Rice Energy’s ability to execute its drilling and development program or to perform under our agreements. Any material non-payment or non-performance by Rice Energy could reduce our ability to make distributions to our unitholders. Please read “Item 1A. Risk Factors—Risks Related to Our Business—Because a substantial majority of our revenue currently is, and over the long term is expected to be, derived from Rice Energy, any development that materially and adversely affects Rice Energy’s operations, financial condition or market reputation could have a material and adverse impact on us.”

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm
The Board of Directors of Rice Midstream Management LLC and Unitholders of
Rice Midstream Partners LP

We have audited the accompanying consolidated balance sheets of Rice Midstream Partners LP as of December 31, 2015 and 2014, and the related consolidated statements of operations, partners' capital and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Rice Midstream Partners LP at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP
Pittsburgh, Pennsylvania
February 25, 2016

Rice Midstream Partners LP
Consolidated Balance Sheets ⁽¹⁾

(in thousands)	December 31,	
	2015	2014
Assets		
Current assets:		
Cash	\$7,597	\$26,834
Accounts receivable	9,926	297
Accounts receivable - affiliate	6,438	2,049
Prepaid expenses, deposits and other	192	233
Total current assets	24,153	29,413
Property and equipment, net	578,026	323,871
Deferred financing costs, net	2,310	2,874
Goodwill	39,142	39,142
Intangible assets, net	46,159	47,791
Total assets	\$689,790	\$443,091
Liabilities and partners' capital		
Current liabilities:		
Accounts payable	13,484	109
Accrued capital expenditures	15,277	7,502
Payable to affiliate	—	156
Other accrued liabilities	3,067	1,577
Total current liabilities	31,828	9,344
Long-term liabilities:		
Long-term debt	143,000	—
Deferred tax liability	—	1,903
Other long-term liabilities	3,128	1,900
Total liabilities	177,956	13,147
Partners' capital:		
Parent net equity	—	36,594
Common units (42,163,749 and 28,753,623 issued and outstanding at December 31, 2015 and December 31, 2014, respectively)	624,557	442,451
Subordinated units (28,753,623 issued and outstanding at December 31, 2015 and December 31, 2014)	(112,723	) (49,101)
Total partners' capital	511,834	429,944
Total liabilities and partners' capital	\$689,790	\$443,091

⁽¹⁾ Financial statements for 2014 have been retrospectively recast to reflect the acquisition of the Water Assets. See Note 2 for additional information.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Rice Midstream Partners LP
Consolidated Statements of Operations ⁽¹⁾

(in thousands, except unit data)	Year Ended December 31,		
	2015	2014	2013
Operating revenues:			
Affiliate	\$93,668	\$1,863	\$498
Third-party	20,791	4,585	—
Total operating revenues	114,459	6,448	498
Operating expenses:			
Operation and maintenance expense	14,910	4,773	1,412
General and administrative expense ⁽²⁾	17,895	11,922	3,104
Incentive unit expense ⁽³⁾	1,044	13,480	—
Depreciation expense	16,399	4,165	1,190
Acquisition costs	—	1,519	—
Amortization of intangible assets	1,632	1,156	—
Other expense	543	—	—
Total operating expenses	52,423	37,015	5,706
Operating income (loss)	62,036	(30,567	) (5,208
Other income (expense)	11	(110) —
Interest expense ⁽⁴⁾	(3,164	) (13,571	) (3,804
Amortization of deferred finance costs	(576) —	—
Income (loss) before income taxes	58,307	(44,248	) (9,012
Income tax (expense) benefit	(5,812	) 12,920	—
Net income (loss)	\$52,495	\$(31,328	) \$(9,012
Calculation of limited partner interest in net income:			
Net income (loss)	\$52,495	\$(31,328)
Less: Pre-IPO net loss allocated to parent	—	(27,787)
Less: Pre-acquisition net income (loss) allocated to general partner	7,296	(4,703)
Limited partner net income	\$45,199	\$1,162	
Net income per limited partner unit (basic and diluted) ⁽⁵⁾ :			
Common units	\$0.76	\$0.02	
Subordinated units	\$0.76	\$0.02	

(1) Financial statements for 2014 and 2013 have been retrospectively recast to reflect the acquisition of the Water Assets. See Note 2 for additional information.

(2) General and administrative expenses include charges from Rice Energy of \$11.9 million, \$10.3 million and \$2.9 million for the years ended December 31, 2015, 2014 and 2013, respectively. Additionally, equity compensation expense of \$4.5 million and \$0.8 million for the years ended December 31, 2015 and 2014, respectively, are included in general and administrative expenses.

(3) Incentive unit expense for the years ended December 31, 2015 and 2014 was allocated from Rice Energy.

(4) Interest expense includes charges from Rice Energy of \$0.8 million, \$13.5 million and \$3.8 million for the years ended December 31, 2015, 2014 and 2013, respectively.

(5) Net income per limited partner unit is presented only for the period subsequent to the Partnership's initial public offering and does not include results attributable to the Water Assets prior to their acquisition as these results are not attributable to limited partners of the Partnership.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Rice Midstream Partners LP
Consolidated Statements of Cash Flows ⁽¹⁾

(in thousands)	Year Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net income (loss)	\$52,495	\$(31,328)	\$(9,012)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization expense	16,399	4,165	1,190
Amortization of intangibles	1,632	1,156	—
Amortization of deferred finance costs	576	—	—
Incentive unit expense	1,044	13,480	—
Equity compensation expense	4,501	816	—
Deferred income tax benefit	1,388	(12,920)	—
Changes in operating assets and liabilities:			
Increase in accounts receivable	(14,174)	(2,106)	(239)
(Increase) decrease in prepaid expenses and other	2	(233)	—
Increase (decrease) in accounts payable	(478)	(566)	321
Increase in accrued liabilities	6,621	2,515	554
Net cash provided by (used in) operating activities	70,006	(25,021)	(7,186)
Cash flows from investing activities:			
Capital expenditures	(248,463)	(169,826)	(44,244)
Acquisition of net assets from Rice Energy	(131,528)	—	—
Acquisition of Marcellus joint venture	—	(55,000)	—
Acquisition of Momentum assets	—	(111,447)	—
Net cash used in investing activities	(379,991)	(336,273)	(44,244)
Cash flows from financing activities:			
Purchase price in excess of net assets from Rice Energy	(68,470)	—	—
Proceeds from borrowings	313,000	—	—
Repayments of borrowings	(170,000)	—	—
Costs related to initial public offering	(129)	(2,396)	—
Common units issuance, net of offering costs	171,902	444,134	—
Additions to deferred financing costs	3	(2,874)	—
Contributions from parent, net	78,480	363,549	51,578
Distributions paid to Rice Energy	(17,021)	(414,433)	—
Distributions paid to unitholders	(17,017)	—	—
Net cash provided by financing activities	290,748	387,980	51,578
Net increase in cash	(19,237)	26,686	148
Cash at the beginning of the year	26,834	148	—
Cash at the end of the year	\$7,597	\$26,834	\$148

(1) Financial statements for 2014 and 2013 have been retrospectively recast to reflect the acquisition of the Water Assets. See Note 2 for additional information.

Rice Midstream Partners LP
 Consolidated Statements of Cash Flows - (Continued)

(in thousands)	Year Ended December 31,		
	2015	2014	2013
Supplemental disclosure of cash flow information:			
Cash paid for interest	3,146	—	—
Noncash elimination of deferred tax liabilities (assets)	7,715	(6,382) —

The accompanying notes are an integral part of these Consolidated Financial Statements.

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Rice Midstream Partners LP
Consolidated Statements of Partners' Capital⁽¹⁾

(in thousands)	Parent Net Equity	Limited Partners		Total
		Common	Subordinated	
Balance, January 1, 2013	\$24,056	\$—	\$—	\$24,056
Contributions from parent, net	51,578	—	—	51,578
Net loss	(9,012)	) —	—	(9,012)
Balance, December 31, 2013	\$66,622	\$—	\$—	\$66,622
Contributions from parent, net	363,549	—	—	363,549
Tax impact of parent initial public offering	(4,118)	) —	—	(4,118)
Incentive compensation expense	13,480	—	—	13,480
Stock compensation expense	678	—	—	678
Elimination of current and deferred tax assets	(6,382)	) —	—	(6,382)
Net loss attributable to parent	(27,787)	) —	—	(27,787)
Contribution of net assets to Rice Midstream Partners LP	(364,745)	) 46	364,699	—
Issuance of common units to public, net of offering costs	—	441,738	—	441,738
Distribution of proceeds	—	(52)	) (414,381)	) (414,433)
Equity compensation	—	138	—	138
Pre-acquisition net loss attributable to the general partner	(4,703)	) —	—	(4,703)
Limited partner net income	—	581	581	1,162
Balance, December 31, 2014	\$36,594	\$442,451	\$(49,101)	) \$429,944
Contribution from parent, net	78,480	—	—	78,480
Incentive compensation expense	1,044	—	—	1,044
Equity compensation expense	399	4,020	—	4,419
Offering costs related to the IPO	—	(129)	) —	(129)
Distributions to unitholders	—	(17,019)	) (17,019)	) (34,038)
Issuance of common units, net of offering costs	—	171,902	—	171,902
Elimination of current and deferred tax liabilities	7,715	—	—	7,715
Pre-acquisition net income allocated to general partner	7,296	—	—	7,296
Water Assets from Rice Energy	(131,528)	) —	—	(131,528)
Purchase price in excess of net assets from Rice Energy	—	(8)	) (68,462)	) (68,470)
Net income	—	23,340	21,859	45,199
Balance, December 31 2015	\$—	\$624,557	\$(112,723)	) \$511,834

⁽¹⁾ Financial statements for 2014 and 2013 have been retrospectively recast to reflect the acquisition of the Water Assets. See Note 2 for additional information.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Rice Midstream Partners LP

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies and Related Matters

Organization, Operations and Principals of Consolidation/Combination

Rice Midstream Partners LP (“Rice Midstream Partners” or the “Partnership”), which closed its initial public offering (“IPO”) on December 22, 2014, is a growth-oriented Delaware limited partnership formed by Rice Energy Inc. (“Rice Energy”) in August 2014. Prior to December 22, 2014, the natural gas gathering, compression and water distribution assets of Rice Poseidon Midstream LLC (“Rice Poseidon”), together with the natural gas gathering and water distribution assets (the “Alpha Assets”) of Alpha Shale Resources, LP (“Alpha Shale”) constitute the predecessor to Rice Midstream Partners for accounting purposes (the “Predecessor”). References in these consolidated financial statements to the Partnership, when used for periods prior to its IPO, refer to the Predecessor. References in these consolidated financial statements, when used for periods beginning at or following the IPO, refer collectively to the Partnership and its consolidated subsidiaries. Additionally, as discussed below and in Note 2, the Partnership’s consolidated financial statements have been retrospectively recast for the years ended December 31, 2015, 2014 and 2013 to include the historical results of the Water Assets (defined below), as the transaction was accounted for as a combination of entities under common control. References in these consolidated financial statements to “Rice Energy” refer collectively to Rice Energy Inc. and its consolidated subsidiaries, other than our Predecessor.

Rice Poseidon was formed in July 2013 to hold all of Rice Drilling B LLC’s (“Rice Drilling B”) wholly-owned natural gas gathering, compression and fresh water distribution assets in Pennsylvania. Rice Drilling B is a wholly-owned operating company of Rice Energy. At the time of the formation of Rice Poseidon, the only natural gas gathering, compression and fresh water distribution assets in Pennsylvania not included in Rice Poseidon and in which Rice Drilling B owned any interest were the Alpha Assets, which are treated as having been acquired by the Predecessor upon Rice Drilling B’s acquisition of the remaining 50% interest in Alpha Shale from a third party in January 2014. Prior to the formation of Rice Poseidon, the assets of Rice Poseidon were held in various subsidiaries of Rice Drilling B.

As it relates to the Predecessor, when discussing periods:

• prior to the formation of Rice Poseidon in July 2013, refers to the Pennsylvania natural gas gathering, compression and water distribution assets and operations held in various subsidiaries of Rice Drilling B;

• subsequent to the formation of Rice Poseidon in July 2013 through January 29, 2014, refers to the natural gas gathering, compression and water distribution assets and operations of Rice Poseidon;

• subsequent to January 29, 2014 through April 17, 2014, refers collectively to the natural gas gathering, compression and water distribution assets and operations of Rice Poseidon taken together with the Alpha Assets; and

• subsequent to April 17, 2014 up to December 22, 2014, refers collectively to the natural gas gathering, compression and water distribution assets and operations of Rice Poseidon, the Alpha Assets and the Momentum Assets (discussed below) from their respective dates of acquisition.

Subsequent to January 29, 2014, the Predecessor includes the Alpha Assets. Prior to January 29, 2014, Rice Energy and a third party each owned a 50% interest in Alpha Shale, a joint venture formed to own and develop natural gas acreage in the Marcellus shale, including the Alpha Assets. On January 29, 2014, in connection with the completion of its IPO, Rice Energy acquired the remaining 50% third-party interest in Alpha Shale.

In addition, on April 17, 2014, Rice Poseidon acquired the natural gas gathering assets (the “Momentum Assets”) in eastern Washington and Greene Counties, Pennsylvania, from M3 Appalachia Gathering LLC.

On November 4, 2015, the Partnership entered into a Purchase and Sale Agreement (the “Purchase Agreement”) by and between the Partnership and Rice Energy. Pursuant to the terms of the Purchase Agreement, the Partnership acquired all of the outstanding limited liability company interests of Rice Water Services (PA) LLC and Rice Water Services (OH) LLC, two wholly-owned indirect subsidiaries of Rice Energy that own and operate Rice Energy’s water services business. The acquired business includes Rice Energy’s Pennsylvania and Ohio fresh water distribution systems and related facilities that provide access to fresh water from the Monongahela River, the Ohio River and other regional water sources in Pennsylvania and Ohio (the “Water Assets”). Rice Energy has also granted the Partnership, until December 31, 2025, (i) the exclusive right to develop water treatment facilities in the areas of dedication defined in the Water Services Agreements (defined in Note 9) and (ii) an option to purchase any water treatment facilities

acquired by Rice Energy in such areas at Rice Energy's acquisition cost (collectively, the "Option").

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The acquisition was accounted for as a combination of entities under common control, and as such, the Partnership's consolidated financial statements have been retrospectively recast for all periods prior to November 1, 2015, the effective date of acquisition of the Water Assets, to include the historical results of the Water Assets. Our Predecessor included certain fresh water distribution assets and operations in Pennsylvania that were distributed to Rice Midstream Holdings LLC ("Rice Midstream Holdings") concurrently with the closing of the Partnership's IPO. These fresh water distribution assets are included as part of the Water Assets that were acquired on November 4, 2015, and as such, the historical results related to those operations are included for all periods presented.

The consolidated financial statements of the Partnership have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). As it relates to the Predecessor, the consolidated financial statements have been prepared, prior to December 22, 2014, from the separate records maintained by Rice Energy and may not necessarily be indicative of the actual results of operations that might have occurred if the Predecessor had been operated separately during the periods prior to the Partnership's IPO. Because a direct ownership relationship did not exist among the businesses comprising the Predecessor, the net investment in the Predecessor is shown as parent net equity in the consolidated financial statements. Additionally, in connection with the IPO, Rice Energy was assigned all cash and cash equivalents, accounts receivable, accounts payable and accrued capital expenditures by our Predecessor on December 22, 2014. Subsequent to the Partnership's IPO, the consolidated financial statements include the accounts of the Partnership and its subsidiaries: Rice Midstream OpCo LLC ("Rice Midstream OpCo") and Rice Poseidon. Additionally, the consolidated financial statements include the historical results of the Water Assets. Transactions between the Partnership and Rice Energy have been identified in the consolidated financial statements as transactions between related parties.

The Partnership does not have any employees. Operational support for the Partnership is provided by Rice Energy. Rice Energy's employees manage and conduct the Partnership's daily business operations.

The Partnership's cost of doing business incurred by Rice Energy on behalf of the Partnership have been reflected in the accompanying consolidated financial statements. These costs include general and administrative expenses allocated by Rice Energy to the Partnership in exchange for:

- business services, such as payroll, accounts payable and facilities management;
- corporate services, such as finance and accounting, legal, human resources and public and regulatory policy; and
- employee compensation.

Nature of Business

The Partnership is a fee-based, growth-oriented limited partnership formed by Rice Energy to own, operate, develop and acquire midstream assets in the Appalachian Basin. The Partnership provides midstream services to Rice Energy and third parties within three counties in the Appalachian Basin through two primary segments: the gathering and compression segment and the water services segment.

Gathering and compression segment. The Partnership's gas gathering assets consist of a high-pressure dry gas gathering system and associated compression in Washington County, Pennsylvania and a high-pressure dry gas gathering system in Greene County, Pennsylvania. The Partnership provides gas gathering and compression services under long-term, fixed-fee contracts, to Rice Energy and third parties.

Water services segment. The Partnership's water services assets consist of water pipelines, impoundment facilities, pumping stations, take point facilities and measurement facilities which are used to support well completion activities and to collect and recycle or dispose of flowback and produced water for Rice Energy and third parties in Washington and Greene Counties, Pennsylvania and Belmont County, Ohio. The Partnership provides water services under long-term, fee-based contracts, to Rice Energy and third parties.

Principles of Consolidation

The consolidated financial statements include the accounts of the Partnership and its subsidiaries. All intercompany transactions have been eliminated in consolidation. Transactions between the Partnership and Rice Energy have been identified in the Consolidated Financial Statements as transactions between related parties and are discussed in further detail in Note 9.

Use of Estimates

The Partnership prepares its consolidated financial statements in conformity with GAAP, which require management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Risks and Uncertainties

The Partnership relies on revenues generated from its gathering, compression and water distribution systems, all of which are located in three counties within the Appalachian Basin. As a result of this concentration, the Partnership may be disproportionately exposed to the impact of regional supply and demand factors, delays or interruptions of production from wells in this area. Additionally, the Partnership is substantially dependent on Rice Energy as its most significant current customer, as Rice Energy represented approximately 79% of the Partnership's gathering revenues for the year ended December 31, 2015, and the Partnership expects to derive a substantial majority of its revenues from Rice Energy for the foreseeable future. As a result, any event, whether in the Partnership's dedicated areas or otherwise, that adversely affects Rice Energy's production, drilling and completion schedule, financial condition, leverage, market reputation, liquidity, results of operations or cash flows may adversely affect its revenues and cash available for distribution. Additionally, for the year ended December 31, 2015, a single third-party customer represented approximately 21% of our gathering revenues.

Revenue Recognition

Revenues relating to the gathering and compression of natural gas and relating to water services are recognized in the period service is provided. Under these arrangements, the Partnership receives a fee or fees for services provided. The revenue the Partnership recognizes from gathering and compression services is generally directly related to the volume of natural gas that flows through its systems and revenue the Partnership recognizes from water services is generally directly related to the volume of water that is delivered, recycled or disposed of.

Cash

The Partnership maintains cash at financial institutions which may at times exceed federally insured amounts and which may at times significantly exceed consolidated balance sheet amounts due to outstanding checks. The Partnership has no other accounts that are considered cash equivalents.

Accounts Receivable

Accounts receivable are stated at their historical carrying amount. The Partnership extends credit to parties in the normal course of business based upon management's assessment of their creditworthiness. An allowance is provided for those accounts for which collection is estimated as doubtful; uncollectible accounts are written off and charged against the allowance. In estimating the allowance, management considers, among other things, how recently and how frequently payments have been received and the financial position of the party. There was no allowance recorded for any of the years presented in the consolidated financial statements.

Asset Retirement Obligations

The Partnership operates and maintains its gathering systems and it intends to do so as long as supply and demand for natural gas exists, which the Partnership expects for the foreseeable future. Therefore, no asset retirement obligation has been recorded for its gathering systems as the Partnership believes that these assets have indeterminate useful lives. Asset retirement obligations related to the Water Assets presented in the consolidated balance sheets at December 31, 2015 and 2014 were approximately \$3.0 million and \$1.9 million, respectively.

Interest

The Partnership capitalizes interest on expenditures for significant capital projects while activities are in progress to bring the assets to their intended use. Upon completion of construction of the asset, the associated capitalized interest costs are included within the Partnership's asset base and depreciated accordingly. The following table summarizes the components of the Partnership's interest incurred for the years ended December 31, 2015, 2014 and 2013:

(in thousands)	2015	2014	2013
Interest incurred:			
Interest expensed	\$3,164	\$13,571	\$3,804
Interest capitalized	222	402	1,324
Total incurred	\$3,386	\$13,973	\$5,128

Property and Equipment

Property and equipment is recorded at cost and is being depreciated over estimated useful lives on a straight-line basis. Gathering pipelines and compressor stations are depreciated over a useful life of 60 years. Water pipelines, pumping stations and impoundment facilities are depreciated over a useful life of 10 to 15 years. The following table provides detail of property and equipment presented in the consolidated balance sheets at December 31, 2015 and 2014.

(in thousands)	Years Ended December 31,	
	2015	2014
Natural gas gathering assets	\$453,537	\$251,075
Natural gas gathering assets in progress	540	32,783
Accumulated depreciation	(10,725)	(3,861)
Natural gas gathering assets, net	443,352	279,997
Water service assets	144,686	35,186
Water service assets in progress	1,324	11,707
Accumulated depreciation	(12,014)	(3,099)
Water service assets, net	133,996	43,794
Other property and equipment, net	678	80
Property and equipment, net	\$578,026	\$323,871

Impairment of Long-Lived Assets

The Partnership evaluates the ability to recover the carrying amount of long-lived assets and determine whether such long-lived assets have been impaired. Impairment exists when the carrying amount of an asset exceeds estimates of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. When alternative courses of action to recover the carrying amount of a long-lived asset are under consideration, estimates of future undiscounted cash flows take into account possible outcomes and probabilities of their occurrence. If the carrying amount of the long-lived asset is not recoverable, based on the estimated future undiscounted cash flows, the impairment loss is measured as the excess of the asset's carrying amount over its estimated fair value, such that the asset's carrying amount is adjusted to its estimated fair value with an offsetting charge to impairment expense. Fair value represents the estimated price between market participants to sell an asset in the principal or most advantageous market for the asset, based on assumptions a market participant would make. When warranted, management assesses the fair value of long-lived assets using commonly accepted techniques and may use more than one source in making such assessments. Sources used to determine fair value include, but are not limited to, recent third-party comparable sales, internally developed discounted cash flow analyses and analyses from outside advisors. Significant changes, such as changes in contract rates or terms, the condition of an asset, or management's intent to utilize the asset, generally require management to reassess the cash flows related to long-lived assets. A reduction of carrying value of fixed assets would represent a Level 3 fair value measure. No impairments for such assets have recorded for the years presented herein.

Goodwill and Intangible Assets

The Partnership evaluates goodwill for impairment at least annually during the fourth quarter, 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. Impairment testing for goodwill is performed at the reporting unit level. The Partnership identifies its operations within two reporting units: 1) Gathering and Compression and 2) Water Services (which had not been ascribed goodwill as of December 31, 2015 and 2014). As a result of the acquisition of the remaining 50% interest in Alpha Holdings in its Marcellus joint venture, the Gathering and Compression reporting unit was allocated \$39.1 million of goodwill.

In estimating the fair value of the Partnership's Gathering and Compression reporting unit as part of step one of the annual goodwill impairment test, the Partnership used the income approach and the market approach. The Partnership employed the discounted cash flow method within the income approach which uses significant inputs not observable in the public market (Level 3). Key inputs within the income approach include estimates and assumptions related to future throughput volumes, operating costs, capital spending and changes in working capital. The Partnership employed the guideline public company method within the market approach which considers market multiples derived from market prices of publicly traded stocks of companies engaged in similar lines of business. Estimating fair value requires considerable judgment and determining fair value is sensitive to changes in assumptions impacting management's estimates of the future financial results. Although the Partnership believes the estimates and assumptions used in estimating the fair value are reasonable and appropriate, different assumptions and estimates could materially impact the calculated fair value. Additionally, actual future results could differ from our current estimates and assumptions. The Partnership elected the option to default immediately to the first step of the annual goodwill impairment test. There were no impairments recorded related to the Gathering and Compression reporting unit as a result of the annual goodwill impairment test.

Intangible assets are comprised of customer contracts acquired in the Momentum Acquisition based upon the estimated fair value of the assets at the acquisition date. The customer contracts acquired had an initial contract terms of 10 years with five and one year renewal options. Based upon management's understanding of the life of the underlying reserves and the geographically advantaged location of the acquired midstream assets, it has been determined that the customer contracts will have a useful life of 30 years. The assets are being amortized using a straight-line method and amortization expense for the years ended December 31, 2015 and 2014 was \$1.6 million and \$1.2 million, respectively. The estimated annual amortization expense over the next five years is as follows: 2016-\$1.6 million, 2017-\$1.6 million, 2018-\$1.6 million, 2019-\$1.6 million and 2020-\$1.6 million.

Goodwill and intangible assets for the years ended December 31, 2015 and 2014 are detailed below.

(in thousands)	Goodwill	Customer Contracts
Balance, December 31, 2013	\$—	\$—
Additions	39,142	48,947
Accumulated amortization	—	(1,156)
Balance, December 31, 2014	39,142	47,791
Accumulated amortization	—	(1,632)
Balance, December 31, 2015	\$39,142	\$46,159

Deferred financing costs are amortized on a straight-line basis, which approximates the interest method, over the term of the related agreement. Accumulated amortization was \$0.6 million at December 31, 2015 and amortization expense was \$0.6 million for the year ended December 31, 2015.

Segment Reporting

Business segments are components of the Partnership for which separate financial information is produced internally and are subject to evaluation by the Partnership's chief operating decision maker in deciding how to allocate resources. The Partnership reports its operations in two segments: (i) gathering and compression and (ii) water services, which reflect its lines of business. Business segments are evaluated for their contribution to the Partnership's consolidated results based on operating income. All of the Partnership's operating revenues, income from operations and assets are located in the United States. See Note 10 for additional information regarding segment reporting.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)," or ASU 2014-09. The FASB created Topic 606 which supersedes the revenue recognition requirements in Topic 605, "Revenue Recognition," and most industry-specific guidance throughout the Industry Topics of the Codification. The FASB and International Accounting Standards Board initiated this joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for both U.S. GAAP and International Financial Reporting Standards. ASU 2014-09 will enhance comparability of revenue recognition practices across entities, industries and capital markets compared to existing guidance. ASU 2014-09 explains that the core principle of the standard is that an entity should recognize revenue to

depict the transfer of promised goods or services to customers in an

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amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and defines a five step process to achieve this core principle. The five step process is to (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when or as the entity satisfies a performance obligation. More judgement and estimates may be required within the new revenue recognition process than are required under existing U.S. GAAP. In August 2015, the FASB issued ASU 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date." The amendments in this update deferred the effective date for implementation of ASU 2014-09 by one year. ASU 2014-09 will now be effective for annual reporting periods beginning after December 15, 2017 and should be applied retrospectively using either a full retrospective approach reflecting the application of the standard in each prior reporting period or a retrospective approach with the cumulative effect of initially adopting the standard recognized at the date of adoption. Early application is permitted only for annual reporting periods beginning after December 15, 2016, including interim reporting periods within that period. The Partnership has not yet selected a transition method and is currently evaluating the standard and the impact on its consolidated financial statements and footnote disclosures.

In February 2015, the FASB issued ASU, 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis." ASU 2015-02 affects reporting entities that are required to evaluate whether they should consolidate certain legal entities. ASU 2015-02 is effective for periods beginning after December 15, 2015 with early adoption permitted. The Partnership will adopt ASU 2015-02 in the first quarter of 2016. The Partnership does not anticipate adoption of the standard to impact prior conclusions as to whether or not its subsidiaries are consolidated in the consolidated financial statements.

In April 2015, the FASB issued ASU, 2015-03, "Interest—Imputation of Interest (Subtopic 835-30): Simplification of Debt Issuance Costs." ASU 2015-03 was issued to simplify the presentation of debt issuance costs by requiring debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability, consistent with debt discounts. ASU 2015-03 is effective for periods beginning after December 15, 2015 with early adoption permitted. In August 2015, the FASB issued ASU 2015-15, "Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements." ASU 2015-15 clarifies the guidance in ASU 2015-03 regarding presentation and subsequent measurement of debt issuance costs related to line-of-credit arrangements. The Securities and Exchange Commission ("SEC") staff announced they would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The Partnership will adopt ASU 2015-15 in the first quarter of 2016 and present debt issuance costs associated with the Partnership's revolving credit facility (defined in Note 3) as an asset named deferred financing costs, net in our consolidated balance sheets. Additionally, the Partnership will utilize the guidance in ASU 2015-03 for the presentation of debt issuance costs that are the result of an issuance of future debt.

In April 2015, the FASB issued ASU, 2015-06, "Earnings Per Share (Topic 260): Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions." ASU 2015-6 was issued to clarify the process for updating historical earnings per unit disclosures under the two-class method when a drop-down transaction occurs between entities under common control. ASU 2015-06 is effective for periods beginning after December 15, 2015. The guidance should be applied retrospectively and early adoption is permitted. The Partnership has adopted this guidance in the current period with no effects on previously issued consolidated financial statements.

2. Acquisitions

On November 4, 2015, the Partnership entered into the Purchase Agreement by and between the Partnership and Rice Energy, pursuant to which the Partnership acquired the Water Assets and the Option. In consideration for the acquisition of the Water Assets and the Option, the Partnership paid Rice Energy \$200.0 million in cash plus an additional amount, if certain of the conveyed systems' capacities increase by 5.0 MMgal/d on or prior to December 31, 2017, equal to \$25.0 million less the capital expenditures expended by the Partnership to achieve such increase, in accordance with the terms of the Purchase Agreement. The Partnership funded the consideration with borrowings under the Partnership's revolving credit facility. The acquisition of the Water Assets is accounted for as a combination of entities under common control with the assets and liabilities of the Water Assets recorded at their carrying amounts.

The difference between the carrying amount of the Water Assets and the consideration paid is recorded in equity as a capital transaction.

3. Long-Term Debt

On December 22, 2014, Rice Midstream OpCo entered into a revolving credit agreement (the “revolving credit facility”) with Wells Fargo Bank, N.A., as administrative agent, and a syndicate of lenders with a maximum credit amount of \$450.0 million with an additional \$200.0 million of commitments available under an accordion feature subject to lender approval. The credit facility provides for a letter of credit sublimit of \$50.0 million. As of December 31, 2015, Rice Midstream OpCo had \$143.0 million of borrowings outstanding and no letters of credit under this facility. The average daily outstanding balance of the credit facility was approximately \$46.9 million and interest was incurred on the facility at a weighted average annual interest rate

of 2.0% during 2015. The revolving credit facility is available to fund working capital requirements and capital expenditures, to purchase assets, to pay distributions and repurchase units and for general partnership purposes. The Partnership is the guarantor of the obligations under the revolving credit facility, which matures on December 22, 2019.

On January 13, 2016, the Partnership entered into a First Amendment (the “First Amendment”) to the revolving credit facility which modified the definition of “Acquisition Period” (as defined in the revolving credit facility) to allow Rice Midstream OpCo to elect in its sole discretion to commence an Acquisition Period when a material acquisition has been consummated. Prior to giving effect to the First Amendment, an Acquisition Period would commence automatically upon consummation of a material acquisition.

Principal amounts borrowed are payable on the maturity date, and interest is payable quarterly for base rate loans and at the end of the applicable interest period for Eurodollar loans. The Partnership has a choice of borrowing in Eurodollars or at the base rate. Eurodollar loans bear interest at a rate per annum equal to the applicable LIBOR Rate plus an applicable margin ranging from 175 to 275 basis points, depending on the leverage ratio then in effect. Base rate loans bear interest at a rate per annum equal to the greatest of (i) the agent bank’s reference rate, (ii) the federal funds effective rate plus 50 basis points and (iii) the rate for one month Eurodollar loans plus 100 basis points, plus an applicable margin ranging from 75 to 175 basis points, depending on the leverage ratio then in effect. The carrying amount of the revolving credit facility is comprised of borrowings for which interest accrues under a fluctuating interest rate structure. Accordingly, the carrying value approximates fair value as of December 31, 2015 and represents a Level 2 measurement. The Partnership also pays a commitment fee based on the undrawn commitment amount ranging from 35 to 50 basis points.

The revolving credit facility is secured by mortgages and other security interests on substantially all of its properties and guarantees from the Partnership and its restricted subsidiaries.

The revolving credit facility limits the Partnership’s ability to, among other things:

- incur or guarantee additional debt;
- redeem or repurchase units or make distributions under certain circumstances;
- make certain investments and acquisitions;
- incur certain liens or permit them to exist;
- enter into certain types of transactions with affiliates;
 - merge or consolidate with another company; and
- transfer, sell or otherwise dispose of assets.

The revolving credit facility also requires the Partnership to maintain the following financial ratios:

• an interest coverage ratio, which is the ratio of the Partnership’s consolidated EBITDA (as defined within the revolving credit facility) to its consolidated current interest expense of at least 2.50 to 1.0 at the end of each fiscal quarter;

• a consolidated total leverage ratio, which is the ratio of consolidated debt to consolidated EBITDA, of not more than 4.75 to 1.0, and after electing to issue senior unsecured notes, a consolidated total leverage ratio of not more than 5.25 to 1.0, and, in each case, with certain increases in the permitted total leverage ratio following the completion of a material acquisition; and

• if the Partnership elects to issue senior unsecured notes, a consolidated senior secured leverage ratio, which is the ratio of consolidated senior secured debt to consolidated EBITDA, of not more than 3.50 to 1.0.

The Partnership was in compliance with such covenants and ratios as of December 31, 2015.

4. Commitments and Contingencies

Lease Obligations

The Partnership has lease obligations for compression equipment under existing contracts with third parties. Rent expense included in operation and maintenance expense for the years ended December 31, 2015 and December 31, 2014 was \$1.7 million and \$0.8 million, respectively. Future payments for this equipment as of December 31, 2015 totaled \$5.3 million (2016-\$1.6 million, 2017-\$0.9 million, 2018-\$0.9 million, 2019-\$0.9 million, 2020-\$0.3 million and thereafter-\$0.7 million).

Environmental Obligations

The Partnership is subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal and other environmental matters. The Partnership believes there are currently no such regulatory or environmental matters that will have a material adverse effect on its results of operations, cash flows or financial position.

The Partnership is involved in various litigation matters arising in the normal course of business. Management is not aware of any actions that are expected to have a material adverse effect on its financial position or results of operations.

5. Partners' Capital

On December 22, 2014, the Partnership completed an underwritten IPO of 28,750,000 common units representing limited partner interests in the Partnership. Rice Energy retained a 50% equity interest in the Partnership, consisting of 3,623 common units and 28,753,623 subordinated units. Concurrent with the IPO, Rice Energy contributed to the Partnership 100% of Rice Poseidon. A wholly-owned subsidiary of Rice Energy serves as the general partner of the Partnership.

The Partnership received cash proceeds, net of issuance costs, of approximately \$444.1 million upon the closing of the IPO. Approximately \$414.4 million of the proceeds were distributed to Rice Energy, \$25.0 million were used by the Partnership to fund 2015 expansion capital expenditures, approximately \$2.0 million were used to pay expenses of the IPO and \$2.7 million were used by the Partnership to pay origination fees associated with the credit agreement entered into by the Partnership at the closing of the IPO.

On November 4, 2015, the Partnership entered into a Common Unit Purchase Agreement with certain institutional investors to sell 13,409,961 common units in a private placement for gross proceeds of approximately \$175.0 million (the "Private Placement"). After deducting underwriting discounts and commissions of \$3.1 million, the Partnership received net proceeds of \$171.9 million. The Private Placement closed on November 10, 2015. The Partnership used the proceeds of the Private Placement to repay a portion of the borrowings under the Partnership's revolving credit facility. As a result of the Private Placement, Rice Energy owns approximately 41% of the Partnership.

6. Phantom Unit Awards

During the years ended December 31, 2015 and 2014, the Partnership's general partner granted phantom unit awards under the Rice Midstream Partners LP 2014 Long Term Incentive Plan (the "LTIP") to certain non-employee directors of the Partnership and executive officers and employees of Rice Energy that provide services to the Partnership under an omnibus agreement (the "Omnibus Agreement"). Pursuant to the LTIP, the maximum aggregate number of common units that may be issued pursuant to any and all awards under the LTIP shall not exceed 5,000,000 common units, subject to adjustment due to recapitalization or reorganization, or related to forfeitures or the expiration of Awards, as provided under the LTIP. The equity-based awards are valued at the date of issuance and the related compensation expense is recognized into earnings on a straight-line basis. The equity-based awards will cliff vest at the end of the requisite service period from one to two years. The Partnership recorded \$4.1 million and \$0.1 million of equity compensation expense related to these awards in the years ended December 31, 2015 and 2014, respectively, in general and administrative expenses on the consolidated statements of operations. At December 31, 2015, total unrecognized compensation expense expected to be recognized over the remaining vesting periods was \$3.0 million for these awards.

The following table summarizes the activity for the equity-based awards during the years ended December 31, 2015 and 2014.

	Number of units	Weighted average grant date fair value
Total unvested, January 1, 2014	—	\$—
Granted	434,094	16.50
Vested	—	—
Forfeited	—	—
Total unvested - December 31, 2014	434,094	\$ 16.50
Granted	18,196	16.87
Vested	(242) 16.50
Forfeited	(19,420) 16.50

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Total unvested - December 31, 2015	432,628	\$ 16.52
The following table details the scheduled vesting of the unvested equity-based awards at December 31, 2015.		
Vesting Date		Number of units
2016		432,628
		432,628

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See Note 9 for a discussion of Rice Energy's allocation of expense related to its stock compensation plans prior to the IPO.

7. Net Income per Limited Partner Unit and Cash Distributions

The Partnership's net income is allocated to the limited partners, including subordinated unitholders, in accordance with their respective ownership percentages, and when applicable, giving effect to the incentive distribution rights held by Rice Midstream Holdings, which was a wholly-owned subsidiary of Rice Energy as of December 31, 2015. The allocation of undistributed earnings, or net income in excess of distributions, to the incentive distribution rights is limited to cash available for distribution for the period. The Partnership's net income allocable to the limited partners is allocated between common and subordinated unitholders by applying the provisions of the Partnership's partnership agreement that govern actual cash distributions as if all earnings for the period had been distributed. Any common units issued during the period are included on a weighted-average basis for the days in which they were outstanding. Net income attributable to the Water Assets for the periods prior to their acquisition was not allocated to the limited partners for purposes of calculating net income per limited partner unit as these results are not attributable to limited partners of the Partnership.

Diluted net income per limited partner unit reflects the potential dilution that could occur if securities or agreements to issue common units, such as awards under the LTIP, were exercised, settled or converted into common units. When it is determined that potential common units should be included in diluted net income per limited partner unit calculation, the impact is reflected by applying the treasury stock method.

The following table presents Partnership's calculation of net income per limited partner unit for common and subordinated limited partner units. Net income attributable to the periods prior to the IPO and to the Water Assets for periods prior to their acquisition on November 4, 2015 are not allocated to the limited partners for purposes of calculating net income per limited partner unit.

(in thousands, except unit data)	Year Ended December 31, 2015	Year Ended December 31, 2014
Net income (loss)	\$52,495	\$(31,328)
Less: Pre-IPO net loss allocated to parent	—	(27,787)
Less: Pre-acquisition net income (loss) allocated to general partner ⁽¹⁾	7,296	(4,703)
Limited partner net income	\$45,199	\$1,162
Net income allocable to common units	\$23,340	\$581
Net income allocable to subordinated units	21,859	581
Limited partner net income	\$45,199	\$1,162
Weighted-average limited partner units outstanding - basic:		
Common units	30,700,864	28,753,623
Subordinated units	28,753,623	28,753,623
Total	59,454,487	57,507,246
Weighted-average limited partner units outstanding - diluted:		
Common units	30,807,972	28,755,346
Subordinated units	28,753,623	28,753,623
Total	59,561,595	57,508,969
Net income per limited partner unit - basic:		
Common units	\$0.76	\$0.02
Subordinated units	0.76	0.02
Total	\$0.76	\$0.02
Net income per limited partner unit - diluted:		
Common units	\$0.76	\$0.02
Subordinated units	0.76	0.02
Total	\$0.76	\$0.02

(1) Pre-acquisition net loss allocated to the general partner relates to operations of the Water Assets for periods prior to the acquisition on November 4, 2015.

Within 60 days after the end of each quarter, it is the Partnership's intent to distribute to the holders of common and subordinated units on a quarterly basis the minimum quarterly distribution of \$0.1875 per unit (or \$0.75 on an annualized basis) to the extent it has sufficient cash after the establishment of cash reserves and the payment of its expenses, including payments to its general partner and affiliates.

Subordinated Units

GP Holdings owns all of the Partnership's subordinated units. The principal difference between the Partnership's common units and subordinated units is that, for any quarter during the "subordination period," holders of the subordinated units will not be entitled to receive any distribution from operating surplus until the common units have received the minimum quarterly distribution for such quarter plus any arrearages in the payment of the minimum quarterly distribution from prior quarters. Subordinated units will not accrue arrearages. When the subordination period ends, each outstanding subordinated unit will convert into one common unit, which will then participate pro rata with the other common units in distributions.

Incentive Distribution Rights

All of the incentive distribution rights are held by GP Holdings. Incentive distribution rights represent the right to receive increasing percentages (15%, 25% and 50%) of quarterly distributions from operating surplus after the minimum quarterly distribution and the target distribution levels (described below) have been achieved.

For any quarter in which the Partnership has distributed cash from operating surplus to the common and subordinated unitholders in an amount equal to the minimum distribution, then the Partnership will distribute any additional available cash from operating surplus for that quarter among the unitholders and the incentive distribution rights holders in the following manner:

	Total Quarterly Distribution Per Unit	Marginal Percentage Interest in Distributions Unitholders	Incentive Distribution Rights Holders
Minimum Quarterly Distribution	\$0.1875	100%	—%
First Target Distribution	above \$0.1875 up to \$0.2156	100%	—%
Second Target Distribution	above \$0.2156 up to \$0.2344	85%	15%
Third Target Distribution	above \$0.2344 up to \$0.2813	75%	25%
Thereafter	above \$0.2813	50%	50%

The Board of Directors of the Company's general partner declared the following cash distributions to the Company's unitholders for the periods presented.

Quarters Ended	Total Quarterly Distribution per Unit	Date of Distribution
December 31, 2014 ⁽¹⁾	\$0.0204	February 20, 2015
March 31, 2015	0.1875	May 14, 2015
June 30, 2015	0.1905	August 13, 2015
September 30, 2015	0.1935	November 12, 2015
December 31, 2015	0.1965	February 11, 2016

⁽¹⁾ The Partnership cash distribution related to the fourth quarter of 2014 was prorated for the 10-day period subsequent to the closing of the Partnership's IPO on December 22, 2014.

8. Income Taxes

Prior to the IPO, the Partnership's income was included as part of Rice Energy's consolidated federal tax return. In conjunction with the contribution of the ownership of Rice Poseidon by Rice Energy immediately prior to the IPO, approximately \$6.4 million of deferred tax liabilities were eliminated through equity. The Partnership did not report any income tax benefit or expense for periods prior to January 29, 2014, which was the date of Rice Energy's initial public offering, because Rice Energy's accounting predecessor was a limited liability company that was not subject to federal income tax. Effective, December 22, 2014, as a result of its limited partnership structure, the Partnership is a partnership for income tax purposes and no longer subject to federal and state income taxes. For the period beginning January 29, 2014 and ending December 21, 2014, Rice Energy allocated the Predecessor income tax expense.

Subsequent to the IPO, for federal and state income tax purposes, all income, expenses, gains, losses and tax credits generated flow through to the owners, and accordingly, do not result in a provision for income taxes for the Partnership.

Prior to the acquisition of the Water Assets, the operations of the Water Assets were subject to income taxes and were included as part of Rice Energy's consolidated federal tax return. Accordingly, the income tax effects associated with the operations of the Water Assets continued to be subject to income taxes until the Water Assets were acquired by the Partnership. Due to the Partnership's status for U.S. federal and state income tax purposes, net current and deferred income tax liabilities of the Water Assets of \$7.7 million eliminated through equity for periods following the effective date of their acquisition by the Partnership on November 1, 2015.

The Partnership recognizes deferred tax liabilities and assets for temporary differences between the financial statement and tax basis of assets and liabilities. At December 31, 2014, the Partnership had a net deferred tax liability of \$1.9 million related to the Water Assets, which represented a deferred tax asset of \$3.0 million related to a net operating loss carryforward and deferred tax liability for tax depreciation in excess of book depreciation of \$4.9 million.

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 the Partnership's partnership agreement. The aggregate difference in the basis of the Partnership'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 us. The components of the income tax benefit for the period from January 29, 2014 to December 21, 2014 for the Predecessor (not including the fresh water distribution assets and operations in Pennsylvania that were distributed to Rice Midstream Holdings concurrently with the closing of the Partnership's IPO) and from January 29, 2014 to December 31, 2014 for the Water Assets, are as follows:

(in thousands)	December 31,	
	2015	2014
Current tax expense (benefit):		
Federal	\$3,720	\$—
State	704	—
Total	4,424	—
Deferred tax expense (benefit):		
Federal	986	(9,809)
State	402	(3,111)
Total	1,388	(12,920)
Total income tax benefit	\$5,812	\$(12,920)

Income tax expense differs from amounts computed at the federal statutory rate of 35% on pre-tax income as follows:

(in thousands)	December 31,	
	2015	2014
Tax at statutory rate	\$18,150	\$(15,488)
State income taxes	719	(2,022)
Incentive unit expense	365	4,718
Equity compensation expense	140	—
Partnership net income not subject to taxes	(13,562)	(366)
Permanent difference	—	238
Income tax expense (benefit)	\$5,812	\$(12,920)
Effective tax rate	10.0	% 29.2 %

Based on management's analysis, the Partnership did not have any uncertain tax positions as of December 31, 2015.

9. Related Party Transactions

In the ordinary course of business, the Partnership has transactions with affiliated companies. During the years ended December 31, 2015, 2014 and 2013, related parties included Rice Energy and certain of its subsidiaries. Prior to the IPO, the push-down impact of the transactions were recorded in the consolidated statements of operations, and although no cash settlement occurred, all transactions with Rice Energy and its subsidiaries were recorded in parent net equity. Upon completion of the IPO, the Partnership entered into the Omnibus Agreement with its general partner, Rice Energy, Rice Poseidon and Rice Midstream Holdings. Pursuant to the Omnibus Agreement, Rice Energy performs centralized corporate and general and administrative services for the Partnership, such as financial and administrative, information technology, legal, health, safety and environmental, human resources, procurement,

engineering, business development, investor relations, insurance and tax. In exchange, the Partnership reimburses Rice Energy for the expenses incurred in providing these services, except for any expenses associated with Rice Energy's long-term incentive programs as these are not expenses of the Partnership subsequent to the IPO. The expenses for which the Partnership reimburses Rice Energy and its subsidiaries related to corporate and general and

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administrative services may not necessarily reflect the actual expenses that the Partnership would incur on a stand-alone basis. The Partnership is unable to estimate what the costs would have been with an unrelated third party. Also upon completion of the IPO, the Partnership entered into a 15 year, fixed-fee gas gathering and compression agreement (the "Gas Gathering and Compression Agreement") with Rice Drilling B and Alpha Shale, pursuant to which the Partnership gathers Rice Energy's natural gas and provides compression services on the Partnership's gathering systems located in Washington County and Greene County, Pennsylvania. Pursuant to the Gas Gathering and Compression Agreement, the Partnership will charge Rice Energy a gathering fee of \$0.30 per Dth and a compression fee of \$0.07 per Dth per stage of compression, each subject to annual adjustment for inflation based on the Consumer Price Index. The Gas Gathering and Compression Agreement covers substantially all of Rice Energy's acreage position in the dry gas core of the Marcellus Shale in southwestern Pennsylvania as of December 31, 2015 and any future acreage it acquires within these counties, excluding the first 40.0 MDth/d of Rice Energy's production from approximately 19,000 gross acres subject to a pre-existing third-party dedication.

In connection with the closing of the acquisition of the Water Assets on November 4, 2015, we entered into Amended and Restated Water Services Agreements (the "Water Services Agreements") with Rice Energy, whereby we have agreed to provide certain fluid handling services to Rice Energy, 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 for Rice Energy within areas of dedication in defined service areas in Pennsylvania and Ohio. The initial term of the Water Services Agreements is until December 22, 2029 and from month to month thereafter. Under the agreements, Rice Energy will pay the Partnership (i) a variable fee, based on volumes of water supplied, for freshwater deliveries by pipeline directly to the well site, subject to annual CPI adjustments and (ii) a produced water hauling fee of actual out-of-pocket cost incurred by us, plus a 2% margin.

During the year ended December 31, 2014, Rice Energy granted stock compensation awards to certain non-employee directors and employees. The awards consisted of restricted stock units, which vest upon the passage of time, and performance stock units, which vest based upon attainment of specified performance criteria. Stock compensation expense related to these awards allocated to the Partnership based on its estimate of the expense attributable to its operations, prior to the IPO, was \$0.6 million for the year ended December 31, 2014. Additionally, in the years ended December 31, 2015 and 2014, \$0.4 million and \$0.1 million, respectively, of stock compensation expense was allocated to the Water Assets by Rice Energy and is reflected in the consolidated financial statements. For periods subsequent to the IPO, no stock compensation expense has been allocated to the Partnership by Rice Energy. However, equity compensation expense includes amounts allocated to the Water Assets from Rice Energy for periods subsequent to the IPO. See Note 6 for a discussion of the Partnership's equity compensation expense subsequent to the IPO.

Prior to Rice Energy's initial public offering on January 29, 2014, the only long-term incentives offered to certain executives and employees were through grants of incentive units, which were profits interests representing an interest in the future profits (once a certain level of proceeds has been generated) of Rice Energy's predecessor parent entity Rice Energy Appalachia, LLC ("REA") and granted pursuant to the limited liability company agreement of REA. The compensation expense recognized in these consolidated financial statements is a non-cash charge, with the settlement obligation resting on NGP Rice Holdings LLC ("NGP Holdings") and Rice Energy Holdings LLC ("Rice Holdings"). Payments on the incentive units will be made by Rice Holdings and NGP Holdings and not by Rice Energy, Rice Poseidon or the Partnership, and as such are not dilutive to Rice Energy, Rice Poseidon or the Partnership. Incentive unit expense allocated to the Partnership based on its estimate of the expense attributable to its operations was \$12.0 million for the year ended December 31, 2014. Additionally, in the years ended December 31, 2015 and 2014, \$1.0 million and \$1.5 million, respectively, of incentive unit expense was allocated to the Water Assets by Rice Energy and is reflected in the consolidated financial statements. No expense was recognized prior to Rice Energy's initial public offering as the performance conditions related to the incentive units were deemed not probable of occurring. For periods subsequent to the IPO, no incentive unit expense will be allocated to the Partnership by Rice Energy. However, incentive unit expense includes amounts allocated to the Water Assets from Rice Energy for periods subsequent to the IPO through the acquisition date.

10. Financial Information by Business Segment

The Partnership operates in two business segments: (i) gathering and compression and (ii) water services. The gathering and compression segment provides natural gas gathering and compression services for Rice Energy and third parties in the Appalachian Basin. The water services segment is engaged in the provision of water services to support well completion activities and to collect and recycle or dispose of flowback and produced water for Rice Energy and third parties in the Appalachian Basin.

Business segments are evaluated for their contribution to the Partnership's consolidated results based on operating income, which is defined as segment operating revenues less expenses. Other income and expenses, interest and income taxes are managed on a consolidated basis. The segment accounting policies are the same as those described in Note 1 to these consolidated financial statements. The operating results and assets of the Partnership's reportable segments were as follows as of and for the years ended December 31, 2015, 2014 and 2013.

(in thousands)	Year Ended December 31, 2015		
	Gathering and Compression	Water Services	Consolidated Total
Operating revenues:			
Affiliate	\$61,180	\$32,488	\$93,668
Third-party	16,031	4,760	20,791
Total operating revenues	77,211	37,248	114,459
Operating expenses:			
Operation and maintenance expense	6,006	8,904	14,910
General and administrative expense	13,886	4,009	17,895
Incentive unit expense	—	1,044	1,044
Depreciation expense	6,310	10,089	16,399
Amortization of intangible assets	1,632	—	1,632
Other expense	492	51	543
Total operating expenses	28,326	24,097	52,423
Operating income	\$48,885	\$13,151	\$62,036
Segment assets	\$547,810	\$141,980	\$689,790
Goodwill	\$39,142	\$—	\$39,142
Capital expenditures for segment assets	\$149,706	\$98,757	\$248,463

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	Year Ended December 31, 2014		
(in thousands)	Gathering and Compression	Water Services	Consolidated Total
Operating revenues:			
Affiliate	\$1,863	\$—	\$1,863
Third-party	4,585	—	4,585
Total operating revenues	6,448	—	6,448
Operating expenses:			
Operation and maintenance expense	3,956	817	4,773
General and administrative expense	10,598	1,324	11,922
Incentive unit expense	11,974	1,506	13,480
Depreciation expense	2,856	1,309	4,165
Acquisition costs	1,519	—	1,519
Amortization of intangible assets	1,156	—	1,156
Total operating expenses	32,059	4,956	37,015
Operating loss	\$(25,611)	) \$(4,956)	) \$(30,567)
Segment assets	\$399,295	\$43,796	\$443,091
Goodwill	\$39,142	\$—	\$39,142
Capital expenditures for segment assets	\$138,151	\$31,675	\$169,826
	Year Ended December 31, 2013		
(in thousands)	Gathering and Compression	Water Services	Consolidated Total
Operating revenues:			
Affiliate	\$498	\$—	\$498
Total operating revenues	498	—	498
Operating expenses:			
Operation and maintenance expense	1,251	161	1,412
General and administrative expense	2,677	427	3,104
Depreciation expense	587	603	1,190
Total operating expenses	4,515	1,191	5,706
Operating loss	\$(4,017)	) \$(1,191)	) \$(5,208)
Segment assets	\$61,950	\$12,495	\$74,445
Capital expenditures for segment assets	\$37,987	\$6,257	\$44,244

11. Subsequent Events

On January 13, 2016, the Partnership entered into the First Amendment to the revolving credit facility which modified the definition of Acquisition Period to allow Rice Midstream OpCo to elect in its sole discretion to commence an Acquisition Period when a material acquisition has been consummated. Prior to giving effect to the First Amendment, an Acquisition Period would commence automatically upon consummation of a material acquisition.

On January 22, 2016, the Board of Directors of our general partner declared a cash distribution to our unitholders for the fourth quarter of 2015 of \$0.1965 per common and subordinated unit. The cash distribution was paid on February 11, 2016 to unitholders of record at the close of business on February 2, 2016.

12. Quarterly Financial Information (Unaudited)

The Partnership's quarterly financial information for the years ended December 31, 2015 and 2014 is as follows (in thousands, except per unit data):

Year ended December 31, 2015: ⁽¹⁾	First quarter ⁽³⁾	Second quarter ⁽³⁾	Third quarter	Fourth quarter
Operating revenues	\$26,511	\$28,560	\$30,075	\$29,314
Operating expenses	11,025	11,794	14,065	15,539
Operating income	15,486	16,766	16,010	13,775
Net income	\$12,924	\$13,790	\$13,260	\$12,521
Net income per limited partner unit - basic ⁽²⁾	\$0.16	\$0.21	\$0.21	\$0.18
Net income per limited partner unit - diluted ⁽²⁾	\$0.16	\$0.21	\$0.21	\$0.18
Year ended December 31, 2014: ⁽¹⁾	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenues	\$66	\$1,393	\$1,621	\$3,369
Operating expenses	9,402	7,383	10,922	9,307
Operating loss	(9,336	) (5,990	) (9,301	) (5,938
Net loss	\$(9,928	) \$(6,583	) \$(9,880	) \$(4,937
Net income per limited partner unit - basic ⁽²⁾	N/A	N/A	N/A	\$0.02
Net income per limited partner unit - diluted ⁽²⁾	N/A	N/A	N/A	\$0.02

(1) The sum of quarterly data in some cases may not equal the yearly total due to rounding.

(2) Net income per limited partner unit is presented only for the period subsequent to the IPO.

(3) The Partnership's quarterly financial information for the first and second quarters of 2015 have been recast to reflect the results of operations of the Water Assets. The results of operations of the Water Assets for the first and second quarters of 2015 are presented below.

Year ended December 31, 2015:	First quarter	Second quarter
Operating revenues	\$10,345	\$8,830
Operating expenses	4,461	4,997
Operating income	5,884	3,833
Net income	\$3,855	\$1,458

Report of Independent Auditors

The Board of Directors of Rice Energy Inc.

We have audited the accompanying financial statements of Alpha Shale Resources Midstream Assets, which comprise the balance sheet as of December 31, 2013, and the related statement of operations, cash flows and partners' capital for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management 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 audit. We conducted our audit 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 Alpha Shale Resources Midstream Assets at December 31, 2013, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania

November 24, 2014

Alpha Shale Resources Midstream Assets
Balance Sheet

(in thousands)	December 31, 2013
Assets	
Current assets:	
Accounts receivable	\$100
Total current assets	100
Property and equipment, net	25,120
Total assets	\$25,220
Liabilities and partners' capital	
Current liabilities:	
Accounts payable	\$2,039
Accrued capital expenditures	509
Other accrued liabilities	6
Total current liabilities	2,554
Long-term liabilities:	
Asset retirement obligations	164
Total liabilities	2,718
Partners' capital	22,502
Total liabilities and partners' capital	\$25,220

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

Alpha Shale Resources Midstream Assets
Statement of Operations

(in thousands)

Operating revenues:

Third-party

Total operating revenues

Year Ended December
31, 2013

\$—

—

Operating expenses:

Direct operating expense

General and administrative expenses

Depreciation and amortization expense

Total operating expenses

1,015

831

635

2,481

Interest expense

Net loss

179

\$(2,660

)

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

Alpha Shale Resources Midstream Assets
Statement of Cash Flows

(in thousands)	Year Ended December 31, 2013
Cash flows from operating activities:	
Net loss	\$(2,660)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization expense	635
Increase in:	
Accounts receivable	(95)
Increase in:	
Accrued liabilities	112
Net cash used in operating activities	(2,008)
Cash flows from investing activities:	
Capital expenditures	(8,513)
Net cash used in investing activities	(8,513)
Cash flows from financing activities:	
Contribution from parent	10,521
Net cash provided by financing activities	10,521
Net increase in cash	—
Cash at the beginning of the year	—
Cash at the end of the year	\$—

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

Alpha Shale Resources Midstream Assets
Statement of Partners' Capital

	(in thousands)
Balance at January 1, 2013	\$ 14,641
Contribution from parent	10,521
Net loss	(2,660)
Balance at December 31, 2013	\$ 22,502

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

1. Description of the Business

Organization

Alpha Shale Resources, LP (“Alpha Shale Resources” or the “Partnership”) was organized through funding from its limited partners, Rice Drilling C, LLC (“Rice C”); a wholly-owned subsidiary of Rice Drilling B, LLC which in turn is a wholly-owned subsidiary of Rice Energy, Inc. (“Rice Energy”); Foundation PA Coal Company, LLC, which is a wholly-owned indirect subsidiary of Alpha Natural Resources, Inc.; and its managing general partner, Alpha Shale Holdings, LLC. On January 29, 2014, pursuant to the Transaction Agreement between Rice Energy, Rice C and Alpha Holdings dated as of December 6, 2013, Rice Energy completed its acquisition of Alpha Holdings’ 50% interest in Alpha Shale Resources.

The accompanying financial statements and related notes include the assets, liabilities and results of operations of the midstream assets of Alpha Shale Resources, presented on a carve-out basis, in connection with the proposed initial public offering of Rice Midstream Partners LP. As used in these financial statements, the terms “we,” “our,” “us,” or like terms refer to the midstream assets of Alpha Shale Resources. References in these financial statements to “Rice Energy” refer collectively to Rice Energy, Inc. and its consolidated subsidiaries, other than Alpha Shale Resources.

Nature of Business

We provide midstream services to natural gas producers in the Appalachian Basin across one county in Pennsylvania through our gas gathering and water sourcing and distribution assets.

Our gathering system consists of 7 miles of gathering pipelines and compressor stations that transports natural gas from Alpha Shale Resources’ wells in the Marcellus Shale. Our water sourcing and distribution assets consist of 10 miles of permanent buried pipelines and portable surface pipelines, and also includes fresh water storage facilities and pumping stations.

Summary of Significant Accounting Policies

Use of Estimates

We prepare our financial statements in conformity with the United States generally accepted accounting principles (“GAAP”), which require 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.

Property and Equipment

Property and other equipment is recorded at cost and is being depreciated over estimated useful lives of fifteen to sixty years on a straight-line basis. Depreciation expense was \$0.6 million for the year ended December 31, 2013, respectively. The following table provides detail of property and equipment presented in the balance sheet for the year ended December 31, 2013.

(in thousands)	Year Ended December 31, 2013
Property and equipment	\$26,246
Accumulated depreciation	(1,126)
Net property and equipment	\$25,120

Impairment of Long-Lived Assets

We evaluate the ability to recover the carrying amount of long-lived assets and determine whether such long-lived assets have been impaired. Impairment exists when the carrying amount of an asset exceeds estimates of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. When alternative courses of action to recover the carrying amount of a long-lived asset are under consideration, estimates of future undiscounted cash flows take into account possible outcomes and probabilities of their occurrence. If the carrying amount of the long-lived asset is not recoverable, based on the estimated future undiscounted cash flows, the impairment loss is measured as the excess of the asset’s carrying amount over its estimated fair value, such that the asset’s carrying amount is adjusted to its estimated fair value with an offsetting charge to impairment expense. Fair value represents the estimated price between market participants to sell an asset in the principal or most advantageous market for the asset, based on assumptions a market participant would make. When warranted, management assesses the fair value of long-lived assets using commonly accepted techniques and may use more than one source in making such assessments. Sources used to determine fair value include, but are not limited to, recent third-party comparable sales,

internally developed discounted cash flow analyses and analyses from outside advisors. Significant changes, such as changes in contract rates or terms, the condition of an asset, or management's intent to utilize the asset, generally require management to reassess the cash flows related to long-lived assets. A reduction of carrying value of fixed assets would represent a Level 3 fair value measure. No impairments for such assets have recorded for the periods presented herein.

Asset Retirement Obligations

We operate and maintain our gathering systems and we intend to do so as long as supply and demand for natural gas exists, which we expect for the foreseeable future. Therefore, no asset retirement obligation has been recorded for our gathering systems as we believe that these assets have indeterminate useful lives. Asset retirement obligations related to our water assets presented in the balance sheet at December 31, 2013 were \$0.2 million.

New Accounting Pronouncements

In May 2014, the FASB issued ASU, No. 2014-09, "Revenue from Contracts with Customers (Topic 606)," or ASU No. 2014-09. The FASB created Topic 606 which supersedes the revenue recognition requirements in Topic 605, "Revenue Recognition," and most industry-specific guidance throughout the Industry Topics of the Codification. ASU 2014-09 will enhance comparability of revenue recognition practices across entities, industries and capital markets compared to existing guidance. Additionally, ASU 2014-09 will reduce the number of requirements to which an entity must consider in recognizing revenue as this update will replace multiple locations for guidance. The FASB and International Accounting Standards Board initiated this joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for both U.S. GAAP and International Financial Reporting Standards. ASU 2014-09 is effective for fiscal and interim periods beginning after December 15, 2016 and should be applied retrospectively. Early adoption of this standard is not permitted. We are currently evaluating the impact of the provisions of ASU 2014-09.

2. Related Party Transactions

In the ordinary course of business, we have transactions with affiliated companies. Although the push-down impact of the transactions are recorded in our income statement, no cash settlement occurs, rather, all transactions are in parent net equity unless otherwise indicated.

The personnel who operate our assets are employees of Rice Energy. Rice Energy directly charges us for the payroll and benefit costs associated with employees and carries the obligations for other employee-related benefits in its financial statements according to the provisions of our master service agreement.

For the year ended December 31, 2013 general and administrative expenses charged to us were approximately \$0.8 million. Alpha Shale Resources is allocated a portion of the general and administrative expense incurred by Rice Energy according to the terms of a master service agreement. Alpha Shale Resources then allocated a portion of its total general and administrative expenses to the midstream asset statements of operations at December 31, 2013 based on our estimate of the expense attributable to our operations.

All of the allocations and estimates in these financial statements are based on assumptions that management believes are reasonable under the circumstances. However, such allocations may not be reflective of the actual costs the Company would have incurred if it had operated on a stand-alone basis.

3. Subsequent Events

We have evaluated subsequent events that occurred after December 31, 2013 through November 24, 2014. Any material subsequent events that occurred during this time have been properly recognized or disclosed in these financial statements or notes to financial statements.

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

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), our general partner has evaluated, under the supervision and with the participation of our management, including the principal executive officer and principal financial officer of our general partner, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report, to allow timely decisions regarding required disclosure. Based upon that evaluation, the principal executive officer and principal financial officer of our general partner concluded that their disclosure controls and procedures were effective as of December 31, 2015.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(t) under the Exchange Act) during our most recently completed fiscal quarter that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

The Partnership's management is responsible for establishing and maintaining adequate internal control over financial reporting for us as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets;
provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial
- (ii) statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time.

Under the supervision of, and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in Internal Control-Integrated Framework in 2013, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management of the Partnership concluded that their internal control over financial reporting was effective as of December 31, 2015.

Attestation Report of the Registered Public Accounting Firm

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm. Our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal controls over financial reporting for as long as we are an "emerging growth company" pursuant to the provisions of the JOBS Act.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Management of Rice Midstream Partners LP

We are managed and operated by the board of directors and executive officers of our general partner. Our general partner is controlled by Rice Midstream Holdings, a subsidiary of Rice Energy. All of our officers and certain of our directors are also officers and/or directors of Rice Energy. Neither our general partner nor its board of directors is elected by our unitholders and neither will be subject to re-election in the future. Rice Midstream Holdings, is the sole member of our general partner and has the right to appoint our general partner's entire board of directors. Our unitholders will not be entitled to directly or indirectly participate in our management or operations. Our general partner owes certain contractual duties to our unitholders as well as a fiduciary duty to its owners.

Director Independence

Our general partner has six directors. The NYSE does not require a listed publicly traded partnership such as ours to have a majority of independent directors on the board of directors of our general partner or to establish a compensation committee or a nominating committee. However, our general partner is required to have an audit committee of at least three members, and all its members are required to meet the independence and experience standards established by the NYSE and the Exchange Act.

Board of Directors

In evaluating director candidates, Rice Energy assesses whether a candidate possesses the integrity, judgment, knowledge, experience, skill and expertise that is likely to enhance the board's ability to manage and direct our affairs and business, including, when applicable, to enhance the ability of committees of the board to fulfill their duties. All of the executive officers of our general partner listed below allocate their time between managing our business and affairs and the business and affairs of Rice Energy. The amount of time that our executive officers will devote to our business and the business of Rice Energy will vary in any given year based on a variety of factors. Our executive officers intend, however, to devote as much time to the management of our business and affairs as is necessary for the proper conduct of our business and affairs.

Rice Energy provides customary management and general administrative services to us pursuant to an omnibus agreement. Our general partner reimburses Rice Energy at cost for its direct expenses incurred on behalf of us and a proportionate amount of its indirect expenses incurred on behalf of us, including, but not limited to, compensation expenses. Neither our general partner nor Rice Energy receives any management fee or other compensation. Our partnership agreement does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates. Please see "Item 13. Certain Relationships and Related Transactions, and Director Independence Procedures for Review, Approval and Ratification of Related Person Transactions—Agreements with Affiliates—Omnibus Agreement."

Executive Sessions

Our Corporate Governance Guidelines provide that the non-management directors will have regularly scheduled meetings in executive session. In the event that the non-management directors include directors who are not independent under the listing requirements of the NYSE, then at least once a year, our Corporate Governance Guidelines provide that there will be an executive session including only independent directors. Currently, the chairman of the board of directors presides at the executive sessions of the non-management directors and at the executive sessions of the independent directors.

Interested Party Communications with the Board of Directors

Unitholders and other interested parties may communicate by writing to:

Rice Midstream Management LLC
Attention: General Counsel
400 Woodcliff Drive
Canonsburg, Pennsylvania 15317

Unitholders and any other interested parties should mark the envelope containing each communication as “Unitholder Communication with Directors” and clearly identify the intended recipient(s) of the communication. Our General Counsel will review each communication received from unitholders and other interested parties and will forward the communication, as expeditiously as reasonably practicable, to the addressees if: (1) the communication complies with the requirements of any applicable policy adopted by the board of directors relating to the subject matter of the communication; and (2) the communication falls within the scope of matters generally considered by the board of directors. To the extent the subject matter of a communication relates to matters that have been delegated by the board of directors to a committee or to an executive officer, then our General Counsel may forward the communication to the executive officer or chairman of the committee to which the matter has been delegated. The acceptance and forwarding of communications to the members of the board of directors or an executive officer does not imply or create any fiduciary duty of the board members or executive officer to the person submitting the communications.

Available Governance Materials

Copies of our Corporate Governance Guidelines, Corporate Code of Business Conduct and Ethics, Financial Code of Ethics, and the audit committee charter are posted on, and may be obtained through, our website, www.ricemidstream.com, or may be requested in print, at no cost, by telephone at (724) 746-6720 or by mail at: Rice Midstream Partners LP, 400 Woodcliff Drive, Canonsburg, PA 15317, Attention: Investor Relations.

Executive Officers and Directors of Our General Partner

The following table sets forth the names, ages and titles of our directors and executive officers as of February 22, 2016. Directors hold office until their successors have been elected or qualified or until the earlier of their death, resignation, removal or disqualification. Executive officers serve at the discretion of the board. Some of the directors and executive officers of our general partner also serve as executive officers and/or directors of Rice Energy.

Name	Age	Position with Rice Energy
Daniel J. Rice IV	35	Director, Chief Executive Officer
Grayson T. Lisenby	29	Senior Vice President and Chief Financial Officer
Robert R. Wingo	37	Director, Senior Vice President, Chief Operating Officer
James W. Rogers	35	Senior Vice President, Chief Accounting & Administrative Officer, Treasurer
William E. Jordan	35	Senior Vice President, General Counsel and Corporate Secretary
Daniel J. Rice III	64	Director
Robert F. Vagt	68	Director (Chairman)
D. Mark Leland	54	Director
James H. Lytal	58	Director

Set forth below is the description of the background of our directors and executive officers. References to positions held at Rice Energy include positions held at Rice Drilling B LLC prior to its corporate reorganization in January 2014.

Daniel J. Rice IV has served Chief Executive Officer and member of the board of directors of our general partner since August 2014. Mr. Rice has served as Rice Energy’s Chief Executive Officer and as a member of Rice Energy’s board of directors since October 2013. Mr. Rice has served in a number of positions with Rice Energy, its affiliates and predecessor entities since October 2008, including as Vice President and Chief Financial Officer from October 2008 through September 2013 and Chief Operating Officer from October 2012 through September 2013. Prior to joining Rice Energy, he served as an investment banker for Tudor Pickering Holt & Co., LLC, an integrated energy investment bank in Houston, Texas (“Tudor Pickering”), from February 2008 to October 2008. Prior to his employment at Tudor Pickering, he served as a senior analyst of corporate planning for Transocean Inc., responsible for mergers and acquisitions and business development, from March 2005 to February 2008. Mr. Rice holds a BS in Finance from Bryant University. He is the son of Mr. Daniel J. Rice III.

The board believes that Mr. Rice’s considerable financial and operational experience brings important and valuable skills to the board of directors.

Grayson T. Lisenby has served as Senior Vice President and Chief Financial Officer of our general partner since February 2015 and prior to that had served as Vice President and Chief Financial Officer of our general partner since August 2014. Mr. Lisenby has served as Rice Energy’s Senior Vice President and Chief Financial Officer since

February 2015 and prior to that had served as Rice Energy's Vice President and Chief Financial since October 2013. Mr. Lisenby joined Rice Energy and its affiliates in February 2013, initially serving as Rice Energy's Vice President of Finance. Prior to joining Rice Energy and its affiliates,

Mr. Lisenby was an investment professional at Natural Gas Partners from July 2011 to January 2013 and concentrated on transaction analysis and execution as well as the monitoring of active portfolio companies. Mr. Lisenby was involved in Natural Gas Partners' original \$100 million investment into Rice Energy and spent a significant amount of his time monitoring and advising the company during his tenure at Natural Gas Partners. Prior to his employment at Natural Gas Partners, he served as an investment banker for Barclays Capital Inc.'s energy group in Houston, Texas from August 2009 to July 2011. Mr. Lisenby holds a BBA in Finance from the University of Texas, where he was a member of the Business Honors Program.

Robert R. Wingo has served as Senior Vice President, Chief Operating Officer of our general partner since February 2015 and as a member of the board of directors of our general partner since August 2014. Mr. Wingo had previously served as Vice President, Chief Operating Officer of our general partner since August 2014. Mr. Wingo has served as Rice Energy's Senior Vice President, Midstream and Marketing since February 2015 and prior to that had served as Rice Energy's Vice President of Midstream and Marketing since June 2013. Prior to joining Rice Energy, he served as Director, Corporate Development for Copano Energy, LLC, a Houston-based midstream energy company, from January 2010 until May 2013, where he helped lead the company's pursuit of mergers, acquisitions and greenfield projects. From March 2008 to January 2010, he served as Director, Business Development and Field Services in Copano's Denver office and was responsible for acquisitions, business development and field services in the Rocky Mountain region. From 2006 to 2008, Mr. Wingo served as Manager, Corporate Development for Copano, focusing on mergers and acquisitions. Mr. Wingo began his career in 2002 as a Project Engineer and Operations Manager for Copano and managed all engineering, construction and operations activities for over 1,400 miles of natural gas and NGL pipelines. Mr. Wingo holds a BS in Aerospace Engineering from the University of Texas.

The board believes that Mr. Wingo's considerable midstream industry and operational experience brings important and valuable skills to the board of directors.

James W. Rogers has served as Senior Vice President, Chief Accounting & Administrative Officer and Treasurer of our general partner since February 2015 and prior to that had served as Vice President, Chief Accounting & Administrative Officer and Treasurer of our general partner since August 2014. Mr. Rogers has served as Rice Energy's Senior Vice President, Chief Accounting & Administrative Officer and Treasurer since February 2015 and prior to that had served as Vice President, Chief Accounting & Administrative Officer and Treasurer since October 2013. Mr. Rogers joined Rice Energy and its affiliates in April 2011 as Controller and subsequently served as Senior Vice President and Chief Accounting Officer from January 2012 through October 2012 and Chief Financial Officer from November 2012 through September 2013. Prior to joining Rice Energy and its affiliates, Mr. Rogers served as a financial specialist with EQT Corporation, a natural gas exploration, production and midstream assets company ("EQT"), working in the corporate accounting group, from May 2010 to March 2011. Prior to EQT, Mr. Rogers served as an assurance manager for Ernst & Young LLP in their Pittsburgh office from September 2007 to April 2010. He began his career in 2002 as an auditor with PricewaterhouseCoopers LLP, in its Pittsburgh office. Mr. Rogers is a certified public accountant in the Commonwealth of Pennsylvania and holds a BSBA in accounting from the University of Pittsburgh. He is also a member of the American Institute of CPAs.

William E. Jordan has served as Senior Vice President, General Counsel and Corporate Secretary of our general partner since February 2015 and prior to that had served as Vice President, General Counsel and Corporate Secretary of our general partner since August 2014. Mr. Jordan has served as Rice Energy's Senior Vice President, General Counsel and Corporate Secretary since February 2015 and prior to that had served as Rice Energy's Vice President, General Counsel and Corporate Secretary since January 2014. From September 2005 through December 2013, Mr. Jordan practiced corporate law at Vinson & Elkins L.L.P., representing public and private companies in capital markets offerings and mergers and acquisitions, primarily in the oil and natural gas industry. He is a graduate of Davidson College with a BA in Mathematics and a graduate of the Duke University School of Law with a JD degree. Daniel J. Rice III has served on our general partner's board of directors since August 2014 and has served as a member of Rice Energy's board of directors since October 2013. He also served as managing general partner of Rice Energy Family Holdings, LP from February 2007 until its dissolution in November 2014. Since January 2013, Mr. Rice has served as lead portfolio manager for GRT Capital's energy division. From 2005 to December 2012, Mr. Rice served as a managing director and portfolio manager for BlackRock, Inc. ("BlackRock") and was a member of BlackRock's Global Resources team, responsible for small cap and all cap energy funds. Prior to joining BlackRock in 2005, he was a

senior vice president and portfolio manager at State Street Research & Management (“State Street Research”), responsible for the small cap energy and all cap energy global resources funds. Prior to joining State Street Research in 1984, he was a vice president and portfolio manager with Fred Alger Management. Earlier in his career, Mr. Rice was a vice president and analyst with EF Hutton and an analyst with Loomis Sayles and Co. He began his career in 1975 as an auditor with Price Waterhouse & Co. He earned a BS degree from Bates College in 1973 and an MBA degree from New York University in 1975. He is the father of Mr. Daniel J. Rice IV.

The board believes that Mr. Rice's considerable financial and energy investing experience, including more than 30 years of experience in the oil and natural gas industry, brings important and valuable skills to the board of directors. Robert F. Vagt has served on our general partner's board of directors since August 2014 and as its chairman since December 2014. Mr. Vagt currently serves as a member of the audit committee of our general partner's board of directors. Mr. Vagt has served as the chairman of Rice Energy's board of directors since January 2014, and currently serves on Rice Energy's audit committee and as chairman of its compensation committee. Mr. Vagt has served as a member of the board of directors of Kinder Morgan, Inc. since May 2012, where he serves as a member of the audit committee. Mr. Vagt has also served as a member of the board of directors of El Paso Corporation from May 2005 until June 2012, where he was a member of the compensation and health, safety and environmental committees. From January 2008 until January 2014, Mr. Vagt was the president of The Heinz Endowments. Prior to his tenure at The Heinz Endowments, Mr. Vagt served as president of Davidson College from July 1997 to August 2007. Mr. Vagt served as president and chief operating officer of Seagull Energy Corporation from 1996 to 1997. From 1992 to 1996, he served as president, chairman and chief executive officer of Global Natural Resources. Mr. Vagt served as president and chief operating officer of Adobe Resources Corporation ("Adobe") from 1989 to 1992. Prior to 1989, he served in various positions with Adobe and its predecessor entities.

The board believes that Mr. Vagt's professional background in both the public and private sectors make him an important advisor and member of our board of directors. Mr. Vagt brings to the board operations and management expertise in both the public and private sectors. In addition, Mr. Vagt provides the board with diversity of perspective gained from service as president of The Heinz Endowments, as well as from service as the president of an independent liberal arts college.

D. Mark Leland has served on our general partner's board of directors since December 2014 and currently serves as chairman of the audit committee and as a member of the conflicts committee. Mr. Leland has served on the board of directors of the general partner of Oiltanking Partners, L.P. from May 2012 to February 2015 and on the board of directors of KiOR, Inc. from May 2013 to June 2015. Mr. Leland served as Executive Vice President of El Paso Corporation and President of El Paso's midstream business unit from October 2009 to May 2012, and as Director of El Paso Pipeline Partners, L.P. from its formation in 2007 to May 2012. Mr. Leland also previously served as Executive Vice President and Chief Financial Officer of El Paso Corporation from August 2005 to November 2009. He served as Executive Vice President of El Paso Exploration & Production Company from January 2004 to August 2005, and as Chief Financial Officer and a director from April 2004 to August 2005. Mr. Leland served as Senior Vice President and Chief Operating Officer of the general partner of GulfTerra Energy Partners, L.P. from January 2003 to December 2003, and as Senior Vice President and Controller from July 2000 to January 2003.

The board believes that Mr. Leland's extensive operational and financial experience in the midstream energy industry, as well as his experience on the boards of numerous publicly traded energy companies, provides significant contributions to the board of directors of our general partner.

James H. Lytal has served on our general partner's board of directors since August 2015 and currently serves as a member of the audit committee and as chairman of the conflicts committee. Mr. Lytal has served on the board of directors of SemGroup Corporation since November 2011, on the board of directors of Azure Midstream GP, LLC since August 2013 and on the board of directors of Archrock, Inc. since April 2015. Since April 2009, Mr. Lytal has also served as a senior advisor to Global Infrastructure Partners, a New York based partnership that invests in infrastructure assets globally. From 1994 to 2004, Mr. Lytal was president of Leviathan Gas Pipeline Partners, which later became El Paso Energy Partners, and then Gulfterra Energy Partners, where he served on the board of directors. In 2004, Gulfterra Energy Partners merged with Enterprise Products Partners, one of the largest publicly-traded energy partnerships in the United States, where Mr. Lytal served as executive vice president until 2009. From 1998 to 2008, he was directly involved in the development of over \$3 billion in offshore platform and oil and gas pipeline projects. Having entered the energy industry in 1980, Mr. Lytal's business experience includes midstream mergers, acquisitions and master limited partnership drop-downs, as well as onshore midstream and deepwater asset development and management. He graduated from the University of Texas at Austin with a Bachelor of Science degree in petroleum engineering.

The board believes that Mr. Lytal's extensive operational, managerial and financial experience in the midstream energy industry, as well as his experience on the boards of numerous publicly traded energy companies, provides significant

contributions to the board of directors of our general partner.

Committees of the Board of Directors

The board of directors of our general partner has two standing committees: an audit committee and a conflicts committee. We do not have a compensation committee, but rather the board of directors of our general partner approves equity grants to directors and employees.

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Audit Committee

Rules implemented by the NYSE and SEC require us to have an audit committee comprised of at least three directors who meet the independence and experience standards established by the NYSE and the Exchange Act. As required by the rules of the SEC and listing standards of the NYSE, the audit committee consists solely of independent directors. Our audit committee currently consists of Messrs. Vagt, Leland and Lytal, each of whom is independent under the rules of the SEC. SEC rules also require that a public company disclose whether or not its audit committee has an “audit committee financial expert” as a member. An “audit committee financial expert” is defined as a person who, based on his or her experience, possesses the attributes outlined in such rules. The board of directors of our general partner believes Messrs. Leland and Vagt satisfies the definition of “audit committee financial expert.”

This committee oversees, reviews, acts on and reports on various auditing and accounting matters to the board of directors of our general partner, including: the selection of our independent accountants, the scope of our annual audits, fees to be paid to the independent accountants, the performance of our independent accountants and our accounting practices. In addition, the audit committee oversees our compliance programs relating to legal and regulatory requirements. We have adopted an audit committee charter defining the committee’s primary duties in a manner consistent with the rules of the SEC and NYSE.

Conflicts Committee

Messrs. Leland and Lytal serve on our conflicts committee and review specific matters that the board believes may involve conflicts of interest and determines to submit to the conflicts committee for review. The conflicts committee will determine if the resolution of the conflict of interest is adverse to the interest of the Partnership. There is no requirement that our 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 our general partner or directors, officers or employees of its affiliates, including Rice Energy, and must meet the independence and experience standards established by the NYSE and the Exchange Act to serve on an audit committee of a board of directors, along with other requirements in our partnership agreement. Any matters approved by the conflicts committee will be conclusively deemed to be approved by us and all of our partners and not a breach by our general partner of any duties it may owe us or our unitholders.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires that the directors and executive officers of our general partner and all persons who beneficially own more than 10% of our common units file initial reports of ownership and reports of changes in ownership of our common units with the SEC. As a practical matter, we assist the directors and executive officers of our general partner by monitoring transactions and completing and filing Section 16 reports on their behalf. Based solely upon our review of copies of filings or written representations from the reporting persons, we believe that all reports for the executive officers and directors of our general partner and persons who beneficially own more than 10% of our common units that were required to be filed under Section 16(a) of the Exchange Act in 2015 were filed on a timely basis.

Code of Ethics, Corporate Governance Guidelines and Audit Committee Charter

Our general partner has adopted a Financial Code of Ethics, which applies to our general partner’s Chief Executive Officer, Chief Financial Officer, Chief Accounting and Administrative Officer and all other senior financial officers of our general partner. Our general partner has also adopted Corporate Governance Guidelines that outline the important policies and practices regarding our governance and a Code of Business Conduct and Ethics applicable to all employees of our general partner or affiliates of our general partner who perform services for us and our general partner.

We make available free of charge, within the “Corporate Governance” subsection of the “Investors Relations” section of our website at <http://www.ricemidstream.com> and in print to any interested party who so requests, the Financial Code of Ethics, Code of Business Conduct and Ethics, our Corporate Governance Guidelines and audit committee charter. Requests for print copies may be directed to Investor Relations, Rice Midstream Partners LP, 400 Woodcliff Drive, Canonsburg, PA 15317, or by telephone at 1-724-746-6720. We will post on our website all waivers to or amendments of the Financial Code of Ethics and Code of Business Conduct and Ethics, which are required to be disclosed by applicable law and the NYSE’s Corporate Governance Listing Standards. The information contained on, or connected to, our website is not incorporated by reference into this Annual Report on Form 10-K and should not be

considered part of this or any other report we file with or furnish to the SEC.

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Item 11. Executive Compensation

Our general partner has the sole responsibility for conducting our business and for managing our operations, and its board of directors and executive officers make decisions on our behalf. The executive officers of our general partner, who are employed by Rice Energy, manage the day-to-day affairs of our business. References to “our executive officers” and “our directors” refer to the executive officers and directors of our general partner.

Our executive officers allocate their time between managing our business and affairs and that of Rice Energy. Our executive officers devote as much time to the management of our business and affairs as is necessary for the proper conduct of our business and affairs.

We and our general partner were formed in August 2014 and had no material assets or operations until the closing of our IPO on December 22, 2014. Accordingly, our general partner did not accrue any obligations with respect to compensation expenses for its directors and executive officers for any periods prior to the closing of our IPO. Because the executive officers of our general partner are employed by Rice Energy, compensation of the executive officers is determined and paid by Rice Energy, except for any awards granted under the LTIP. Such compensation is reimbursed by us to Rice Energy with respect to the portion of our executive officers’ professional time spent managing our business in accordance with the terms of the omnibus agreement with our general partner and Rice Energy. Please read “Item 13. Certain Relationships and Related Transactions, and Director Independence Procedures for Review, Approval and Ratification of Related Person Transactions—Agreements with Affiliates—Omnibus Agreement” for more information about the omnibus agreement. The members of the board of directors of our general partner administer and make all decisions regarding awards granted to our executive officers under the LTIP, and we are solely responsible for the cost of any awards granted thereunder.

As we currently are considered an emerging growth company under the JOBS Act, the compensation-related sections of this Annual Report on Form 10-K are intended to comply with the reduced compensation disclosure requirements applicable to emerging growth companies.

In accordance with the JOBS Act, we are required to provide a Summary Compensation Table, an Outstanding Equity Awards at Fiscal Year End Table and a Director Compensation Table, as well as limited narrative disclosures. Further, our reporting obligations extend only to the principal executive officer of our general partner (“our principal executive officer”) and our two most highly compensated executive officers (other than our principal executive officer), as determined by reference to total compensation for 2015, which is reported in the Summary Compensation Table below.

Summary Compensation Table

The following table provides compensation information regarding: (i) Daniel J. Rice IV, our principal executive officer, and (ii) Messrs. Grayson T. Lisenby and Robert R. Wingo, the two most highly compensated executives during 2015, other than our principal executive officer. We refer to these executives as our “named executive officers” or “NEOs.”

The following table summarizes the total compensation for our NEOs for services rendered to us during the fiscal years ended December 31, 2015 and December 31, 2014 (the latter with respect to the period beginning on December 22, 2014, the date of the closing of our IPO, and ending on December 31, 2014). Other than with respect to equity incentive awards granted to our NEOs under the LTIP, for which we bear the entire cost, the amounts reported in the table below reflect only the compensation reimbursed by us to Rice Energy under the omnibus agreement with respect to our NEOs for the period presented, which we believe most accurately reflects the total compensation paid to the NEOs for services provided to us during 2015 and 2014. We do not reimburse Rice Energy for any expenses related to equity or equity-based awards granted by Rice Energy to our NEOs and, as such, the values of any such awards are not included in the table below. For the avoidance of doubt, the amounts reported in the table below do not reflect the aggregate compensation received by these individuals for all services to Rice Energy and its affiliates, including us and our general partner. The amounts reported in the table are intended only to represent the compensation received by our NEOs during the stated periods for services rendered to us.

Name and Principal Position	Year	Salary (\$) ⁽¹⁾	Stock Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation (\$) ⁽³⁾	All Other Compensation (\$) ⁽⁴⁾	Total (\$)
Daniel J. Rice, IV, Chief Executive Officer	2015	40,000	—	55,897 ⁽³⁾	1,590	97,487
	2014	3,449	250,008	4,503	106	258,066
Grayson T. Lisenby, Sr. Vice President and Chief Financial Officer	2015	40,000	—	55,897 ⁽³⁾	—	95,897
Robert R. Wingo, Sr. Vice President, Chief Operating Officer	2015	137,500	—	76,150 ⁽³⁾	7,950	221,600
	2014	3,119	399,993	2,062	187	405,361

Represents the portion of the base salary paid to our NEOs by Rice Energy that was reimbursable by us under the

(1) omnibus agreement. Messrs. Rice and Wingo also served as members of our board of directors during 2014 and 2015, but did not receive compensation for such service.

The amounts shown in this column represent the aggregate grant date fair value of the phantom units granted under the LTIP, computed in accordance with FASB ASC Topic 718, based on the \$16.50 IPO price per common unit.

(2) No awards were made under the LTIP to the NEOs in 2015. For additional information regarding the assumptions used in connection with the valuation of the phantom units pursuant to FASB ASC Topic 718, please see Note 6 to our financial statements for the fiscal year ended December 31, 2015.

Amounts reflect the portion of the annual bonuses earned for 2015, paid by Rice Energy based on performance against metrics established by Rice Energy, and reimbursable by us under our omnibus agreement with Rice

(3) Energy. The Rice Energy annual bonus program will be described in the Rice Energy proxy statement for the 2016 Annual Meeting of Shareholders, in the section entitled “Executive Compensation - Compensation Discussion and Analysis - Elements of Compensation - 2015 Annual Incentive Awards.”

(4) Amounts reported in the “All Other Compensation” column reflect matching contributions made by Rice Energy to the NEOs’ 401(k) plan accounts.

Narrative Disclosure to Summary Compensation Table

Compensation Paid by Rice Energy

As described above, except with respect to the LTIP, Rice Energy determines and pays our NEOs’ compensation. In accordance with the terms of our omnibus agreement with our general partner and Rice Energy, the amounts listed in the Salary, Non-Equity Compensation Plan and All Other Compensation columns represent such amounts reimbursed by us to Rice Energy for our NEOs’ professional time spent managing our business. For detailed information regarding these compensation amounts paid to our NEOs and included in our Summary Compensation Table, including how Rice Energy determines these amounts and the material terms of bonus awards, please read the Compensation Discussion & Analysis section and accompanying compensation tables of the Rice Energy proxy statement for the 2016 Annual Meeting of Shareholders, which we expect will be filed in April 2016.

Rice Midstream Partners LP 2014 LTIP

In connection with our IPO in December 2014, we granted phantom units under the LTIP to each of our NEOs as compensation for their services to be provided to us. Each phantom unit granted to our NEOs will vest 100% on the second anniversary of the grant date (that is, on December 19, 2016), so long as the NEO continues to provide services to us or our affiliates through that

date, with each unit representing the right to receive one common unit. The NEOs do not have the right to vote with respect to the phantom units or receive any distributions paid on our common units as a result of the grant, holding or settlement of the phantom units. We did not grant any equity or equity-based awards to our NEOs under the LTIP in 2015.

Under the LTIP, in the event a participant experiences a separation from service with RMP and its affiliates, any unvested phantom units will be forfeited automatically. Upon a Change of Control (as defined in the LTIP), the board of directors of our general partner (or designated committee) may: (i) remove any applicable forfeiture restrictions on any unvested phantom units; (ii) accelerate the applicable Restricted Period (as defined in the LTIP); (iii) cancel the unvested phantom units and pay to each holder an amount of cash, as set forth in the LTIP; (iv) cancel any unvested phantom units without payment of any consideration to the participant; or (v) make any other adjustments as the board or committee deems appropriate to reflect such Change of Control (including, but not limited to, the substitution for new awards).

Outstanding Equity Awards at Fiscal Year-End 2015

The following table sets forth information regarding outstanding equity awards held by our NEOs at December 31, 2015.

Name	Stock 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⁾
Daniel J. Rice IV	15,152	204,400
Grayson T. Lisenby	15,152	204,400
Robert R. Wingo	24,243	327,038

(1) The amount shown is the number of unvested phantom units granted under the LTIP. All phantom units vest on December 19, 2016.

(2) The market value of the phantom units is based on the \$13.49 closing market price per unit on December 31, 2015, as reported on the NYSE.

Additional Narrative Disclosure

Rice Energy Retirement Benefits and Potential Payments upon Employment Termination or Change of Control

We do not sponsor any plans or programs that provide for retirement benefits and do not have any agreements with our NEOs that provide for payment to them in the event of their resignation, retirement, or other termination or change of control.

For information regarding Rice Energy's programs and agreements that provide for retirement or severance payments to our NEOs, please see the Compensation Discussion & Analysis section of the Rice Energy proxy statement for the 2016 Annual Meeting of Shareholders, which we expect will be filed in April 2016.

Director Compensation

The following table shows information about non-executive director compensation for the year ended December 31, 2015:

Non-Executive Director Compensation Table in 2015

Director	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽²⁾	Total (\$)
Daniel J. Rice III ⁽¹⁾	—	—	—
Robert F. Vagt ⁽¹⁾	—	—	—
D. Mark Leland	100,000	170,015	270,015
James. H. Lytal ⁽³⁾	33,250	136,885	170,135

- (1) Messrs. Daniel J. Rice III and Robert F. Vagt did not receive any additional compensation for their service as a member of our general partner's board of directors during 2015.

Amounts reflect the grant date fair value of phantom units granted to Messrs. Leland and Lytal in connection with their respective service as directors during 2015, calculated in accordance with FASB ASC Topic 718. The amounts reflected are calculated based on the number of units granted multiplied by the closing price of units on the day of the grant. A discussion of these assumptions is found at Note 6 to our audited financial statements. As of December 31, 2015, Messrs. Leland and Lytal held 19,016 and 8,271 phantom units, respectively, which will cliff vest at the end of the requisite service period, and be settled in our common units.

- (2)
- (3) Mr. Lytal joined the board on August 1, 2015. His annual cash retainer has been prorated to coincide with his length of service.

Narrative Disclosure to Director Compensation Table

Officers and employees of Rice Energy, and members of the Rice family who also serve as directors of our general partner, do not receive additional compensation for such service. Messrs. Daniel J. Rice IV and Robert R. Wingo did not receive additional compensation for serving as directors. Their compensation is reported in the Summary Compensation Table. Generally, compensation for directors of our general partner consists of (a) an annual cash retainer of \$250,000 for the chairman of the board, \$100,000 for committee chairmen, and \$90,000 for all other such directors, each to be paid on a quarterly basis, and (b) an annual equity award valued at approximately \$250,000 for the chairman of the board, \$170,000 for committee chairmen, and \$165,000 for all other such directors.

During 2015, Messrs. D. Mark Leland and James H. Lytal were the only individuals who received compensation for their services as directors of our general partner. Mr. Vagt was eligible, but declined to, receive compensation for his service on the board of our general partner in 2015. The equity awards granted to Messrs. Leland and Lytal during 2015 were phantom units which will vest and be settled in our common units on the second anniversary of the date of grant, so long as they continue to provide services to us through that date.

In addition, each director will be reimbursed for out-of-pocket expenses incurred in connection with attending board and committee meetings and will be fully indemnified by us for actions associated with serving as a director to the fullest extent permitted under Delaware law.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth the beneficial ownership of our common and subordinated units as of February 22, 2016 held by:

- our general partner;
- beneficial owners of 5% or more of our common units;
- each director and named executive officer; and
- all of our directors and executive officers as a group.

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The amounts and percentage of our common units beneficially owned are reported on the basis of regulations of the SEC 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 common units shown as beneficially owned by them, subject to community property laws where applicable. Unless otherwise noted, the address for each beneficial owner listed below is 400 Woodcliff Drive, Canonsburg, Pennsylvania 15317.

Name of Beneficial Owner	Common Units Beneficially Owned ⁽¹⁾	Percentage of Common Units Beneficially Owned ⁽²⁾	Subordinated Units Beneficially Owned	Percentage of Subordinated Units Beneficially Owned	Percentage of Common and Subordinated Units Beneficially Owned ⁽²⁾
Rice Energy ⁽³⁾	3,623	*	28,753,623	100%	40.5%
OppenheimerFunds, Inc. ⁽⁴⁾	3,730,871	8.8%	—	—	5.3%
Atlantic Trust Group LLC ⁽⁵⁾	1,593,013	3.8%	—	—	2.2%
Goldman Sachs Asset Management ⁽⁶⁾	3,408,987	8.1%	—	—	4.8%
Harvest Fund Advisors ⁽⁷⁾	6,991,875	16.6%	—	—	9.9%
Clearbridge Investments, LLC ⁽⁸⁾	2,121,539	5.0%	—	—	3.0%
Daniel J. Rice IV	1,000	*	—	—	*
Robert R. Wingo	12,500	*	—	—	*
Grayson T. Lisenby	16,000	*	—	—	*
Daniel J. Rice III	—	—	—	—	—
Robert F. Vagt	—	—	—	—	—
D. Mark Leland	25,000	*	—	—	*
James H. Lytal	—	—	—	—	—
All directors and executive officers as a group (9 persons)	69,500	*	—	—	*

*Less than one percent.

This column does not include 15,152 phantom units that we granted to each of Daniel J. Rice IV, Grayson T. Lisenby and James W. Rogers, and 24,243 phantom units that we granted to each of Robert R. Wingo and William E. Jordan in connection with the closing of our IPO pursuant to the Rice Midstream Partners LP Long-Term

(1) Incentive Plan. These phantom units will vest 100% on the second anniversary of the date of grant and will not be entitled to receive cash distributions prior to vesting. In addition, this column does not include 19,016 and 8,271 phantom units held by Messrs. Leland and Lytal, respectively, that were granted in connection with their respective service as directors and which will cliff vest at the end of the requisite service period in our common units.

(2) Percentages of beneficial ownership are based on 42,163,749 common units and 28,753,623 subordinated units outstanding as of February 22, 2016.

Under the limited liability company agreement of the general partner of GP Holdings, the voting and disposition of any of our common or subordinated units held by GP Holdings will be controlled by the board of managers of the (3) general partner of GP Holdings. The board of managers of GP Holdings, which acts by majority approval, is comprised of Grayson T. Lisenby, Robert R. Wingo and William F. Jordan. Each of the members of the general partner of GP Holdings’ board of directors disclaims beneficial ownership of any of our units held by GP Holdings.

(4) The address of the beneficial owner is Two World Financial Center, 225 Liberty Street, New York, NY 10281.

(5) The address of the beneficial owner is 3290 Northside Parkway, 7th Floor, Atlanta, GA 30327.

(6) The address of the beneficial owner is 200 West Street, New York, NY 10282.

(7) The address of the beneficial owner is 100 W. Lancaster Avenue, Suite 200, Wayne, PA 19087.

(8)The address of the beneficial owner is 620 8th Avenue, New York, NY 10018.

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The following table sets forth the number of shares of common stock of Rice Energy owned by each of the named executive officers and directors of our general partner and all directors and executive officers of our general partner as a group as of February 22, 2016:

Name of Beneficial Owner	Shares Beneficially Owned ⁽¹⁾	Percentage of Shares Beneficially Owned
Daniel J. Rice IV ⁽²⁾	29,436	*
Grayson T. Lisenby ⁽³⁾	39,401	*
Robert R. Wingo ⁽⁴⁾	1,214	*
Daniel J. Rice III ⁽⁵⁾	2,556,844	1.9%
Robert F. Vagt ⁽⁶⁾	25,869	*
D. Mark Leland	—	*
James H. Lytal	—	—
All directors and executive officers as a group (9 persons)	2,688,410	1.9%

*Less than one percent.

(1)Based upon an aggregate of 136,391,709 shares outstanding as of February 22, 2016.

(2) This number does not include 23,252 restricted stock units or any unearned performance stock units that have been issued to Mr. Rice under Rice Energy's equity incentive plans.

(3) This number does not include 23,252 restricted stock units or any unearned performance stock units that have been issued to Mr. Lisenby under Rice Energy's equity incentive plans.

(4) This number does not include 3,769 restricted stock units or any unearned performance stock units that have been issued to Mr. Wingo under Rice Energy's equity incentive plans.

By virtue of his relationship as the spouse of the co-trustee of the Rice Energy Irrevocable Trust, Mr. Daniel J. Rice III is deemed to have an indirect beneficial interest in the 29,800,000 shares of common stock held by the Rice Energy Irrevocable Trust. Mr. Daniel J. Rice III disclaims beneficial ownership of any interests in Rice Energy in excess of his indirect pecuniary interest therein.

(6) This number does not include 11,216 restricted stock units that have been issued to Mr. Vagt under Rice Energy's equity incentive plans.

Equity Compensation Plan Information

The following table provides information regarding securities authorized for issuance under our equity compensation plan as of December 31, 2015:

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a) ⁽¹⁾	Weighted-average exercise price of outstanding options, warrants and rights (b) ⁽²⁾	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) ⁽³⁾
Equity compensation plans approved by security holders	—	—	—
Equity compensation plans not approved by security holders	432,628	—	4,567,372
Total	432,628	—	4,567,372

The amounts in column (a) of this table reflect only phantom units that are settled in our common units that have been granted under the LTIP. Phantom units that are settled in cash, rather than in our common units, have also (1)been granted under the LTIP but are not reflected in this column because securities will not be issued upon vesting of these awards. No equity or equity-based awards have been made by us, including under the LTIP, other than unit- or cash-settled phantom units.

(2) This column is not applicable because phantom units do not have an exercise price.

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The figures in this column reflect the total number of common units remaining available for future issuance under the LTIP as of December 31, 2015. The LTIP was adopted by our general partner in connection with but prior to the closing of our IPO and provides for the grant of a wide variety of cash and equity awards. For additional (3) information about the LTIP and the awards granted thereunder, please read “Item 11. Executive Compensation.” For a summary of the material terms of the LTIP, please refer to the section of our Registration Statement on Form S-1 initially filed with the Securities and Exchange Commission on December 8, 2014, entitled “Management-Long-Term Incentive Plan.”

Item 13. Certain Relationships and Related Transactions, and Director Independence Procedures for Review, Approval and Ratification of Related Person Transactions

GP Holdings owns 3,623 common units and 28,753,623 subordinated units representing an aggregate approximately 41% limited partner interest in us and all of the incentive distribution rights. Rice Energy owns and controls (and appoints all the directors of) our general partner, which owns a non-economic general partner interest in us.

The terms of the transactions and agreements disclosed in this section were determined by and among affiliated entities and, consequently, are not the result of arm’s length negotiations. These terms are not necessarily at least as favorable to the parties to these transactions and agreements as the terms that could have been obtained from unaffiliated third parties.

Distributions and Payments to Our General Partner and Its Affiliates

The following summarizes the distributions and payments to be made by us to our general partner and its affiliates in connection with the conversion, ongoing operation and any liquidation of us.

Formation Stage

<p>The aggregate consideration received by our general partner and its affiliates, including Rice Energy, for the contribution of our initial assets</p>	<p>3,623 common units; 28,753,623 subordinated units; the non-economic general partner interest; the incentive distribution rights; and approximately \$414.4 million of the net proceeds from our initial public offering, \$195.3 million of which represents a reimbursement of capital expenditures incurred by Rice Energy on our behalf and \$219.1 million of which represents a distribution to Rice Energy.</p>
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Operational Stage

Distributions of cash available for distribution to our general partner and its affiliates, including Rice Energy

We will generally make cash distributions 100% to our unitholders, including affiliates of our general partner. In addition, if distributions exceed the minimum quarterly distribution and other higher target distribution levels, Rice Energy, or the initial holder of the incentive distribution rights, will be entitled to increasing percentages of the distributions, up to 50% of the distributions above the highest target distribution level.

Assuming we have sufficient cash available for distribution to pay the full minimum quarterly distribution on all of our outstanding common units and subordinated units for four quarters, our general partner and its affiliates (including Rice Energy) would receive an annual distribution of approximately \$21.6 million on their units.

Payments to our general partner and its affiliates

Rice Energy provides customary management and general administrative services to us. Our general partner reimburses Rice Energy at cost for its direct expenses incurred on behalf of us and a proportionate amount of its indirect expenses incurred on behalf of us, including, but not limited to, compensation expenses. Our general partner does not receive a management fee or other compensation for its management of our partnership, but we reimburse our general partner and its affiliates for all direct and indirect expenses they incur and payments they make on our behalf, including payments made to Rice Energy for customary management and general administrative services. Our partnership agreement does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates. Our partnership agreement provides that our general partner will determine the expenses that are allocable to us.

Withdrawal or removal of our general partner

If our general partner withdraws or is removed, its non-economic general partner interest and its incentive distribution rights and those of its affiliates 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

Liquidation

Upon our liquidation, the partners, including our general partner, will be entitled to receive liquidating distributions according to their respective capital account balances.

Agreements with Affiliates

Registration Rights Agreement

On December 22, 2014, in connection with the closing of our initial public offering, we entered into a registration rights agreement with Rice Energy pursuant to which we may be required to register the sale of the (i) common units issued (or issuable) to Rice Energy pursuant to the contribution agreement, (ii) subordinated units and (iii) common units issuable upon conversion of subordinated units pursuant to the terms of the partnership agreement (together, the “Registrable Securities”) it holds. Under the registration rights agreement, Rice Energy will have the right to request that we register the sale of Registrable Securities held by it, and Rice Energy will have the right to require us to make available shelf registration statements permitting sales of Registrable Securities into the market from time to time over

an extended period, subject to certain limitations. Pursuant to the registration rights agreement and our partnership agreement, we may be required to undertake a future public or private offering and use the proceeds (net of underwriting or placement agency discounts, fees and commissions, as applicable) to redeem an equal number of common units from them. In addition, the registration rights agreement gives Rice Energy “piggyback” registration rights under certain circumstances. The registration rights agreement also includes provisions dealing with indemnification and contribution and allocation of expenses. All of the Registrable Securities held by Rice Energy and any permitted transferee will be entitled to these registration rights.

Omnibus Agreement

On December 22, 2014, in connection with the closing of our initial public offering, we entered into an omnibus agreement with our general partner, Rice Midstream Holdings and Rice Energy, pursuant to which:

Rice Energy will grant us a right of first offer on any future divestiture of all of Rice Energy's interests in (i) its gas gathering system in the core of the Utica Shale in Belmont County, Ohio, (ii) its fresh water distribution systems in Washington and Greene Counties, Pennsylvania and (iii) its fresh water distribution system in Belmont County, Ohio; we will be obligated to reimburse Rice Energy for all expenses incurred by Rice Energy or its affiliates (or payments made on our behalf) in conjunction with its provision of general and administrative services to us, including, but not limited to, our publicly traded partnership expenses and an allocated portion of the compensation expense of the executive officers and other employees of Rice Energy and our general partner who perform general and administrative services for us or on our behalf; and

Rice Energy will provide us with a license to use certain Rice Energy-related names and trademarks in connection with our operations.

Rice Energy will indemnify us for three years after the closing date of our IPO against certain environmental and other liabilities for events and conditions associated with the operation of our assets that occurred or existed on or before the closing of our initial public offering. The maximum liability of Rice Energy for this indemnification obligation will not exceed \$15 million and Rice Energy will not have any obligation under this indemnification until our aggregate losses exceed \$250,000. Rice Energy will have no indemnification obligations with respect to environmental claims made as a result of additions to or modifications of environmental laws enacted or promulgated after December 22, 2014, the closing date of our initial public offering.

In addition, Rice Energy will indemnify us for three years after December 22, 2014, the closing date of our initial public offering, for losses attributable to title defects and failures to obtain consents or permits necessary for the operation of our assets. Rice Energy will also indemnify us for any event or condition related to the assets retained by Rice Energy and income taxes attributable to pre-closing operations.

We have agreed to indemnify Rice Energy against all losses, including environmental liabilities, related to the operation of our assets after the closing of our initial public offering, to the extent Rice Energy is not required to indemnify us. There is no limit on the amount for which we will indemnify Rice Energy under the omnibus agreement. As a result, we may incur such expenses in the future, which may be substantial.

Our potential acquisition of the fresh water distribution systems will be conditioned upon our obtaining a ruling or interpretive guidance from the Internal Revenue Service that income from fresh water distribution services is qualifying income for federal income tax purposes.

The initial term of the omnibus agreement ends December 22, 2024, and will thereafter automatically extend from year-to-year unless terminated by us or our general partner. We or Rice Energy may also terminate the omnibus agreement in the event that Rice Energy ceases to control our general partner or our general partner is removed. The omnibus agreement may only be assigned by any party with the other parties' consent.

Secondment Agreement

On December 22, 2014, concurrently with the closing of our initial public offering, we and Rice Energy entered into a secondment agreement pursuant to which specified employees of Rice Energy will be seconded to us to provide operating and other services with respect to our business under the direction, supervision and control of us or our general partner. We will reimburse Rice Energy for the services provided by the seconded employees pursuant to the secondment agreement.

Other Contractual Relationships with Rice Energy

Gas Gathering and Compression Agreement

On December 22, 2014, we entered into a 15 year, fixed fee gas gathering and compression agreement with Rice Energy under which we have agreed to gather natural gas on our Washington County and Greene County gathering systems and provide compression services. Under the agreement, we will charge Rice Energy a gathering fee of \$0.30 per Dth and a compression fee of \$0.07 per Dth per stage of compression, each subject to annual adjustment for inflation based on the Consumer Price Index. This agreement covers approximately 93,000 gross acres of Rice Energy's acreage position in the dry gas core of the Marcellus Shale in southwestern Pennsylvania as of December 31, 2015 and any future acreage it acquires

within these counties, excluding the first 40.0 MDth/d of Rice Energy's production from approximately 19,000 gross acres subject to a pre-existing third-party dedication.

Pursuant to the gas gathering and compression agreement, Rice Energy will from time to time provide us 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, we will be obligated to build out our 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.

We will be obligated to connect all of Rice Energy's wells that produce gas from the area dedicated to us under the gas gathering and compression agreement that (i) were completed as of the closing date of our initial public offering, (ii) are included in Rice Energy's initial development plan for drilling activity for the period from the closing date of our initial public offering through December 31, 2017 or (iii) are within five miles of our gas gathering system on the date Rice Energy provides us with notice that a new well pad is expected to require gathering services. For wells other than those described in the preceding sentence, we and Rice Energy will negotiate in good faith an appropriate gathering fee. If we cannot reach agreement with Rice Energy on a gathering fee for any such additional well, Rice Energy will have the option to have us connect such well to our gathering systems for a gathering fee of \$0.30 per Dth and bear the incremental cost of constructing the connection to such well in excess of the cost we would have incurred to connect a well located on the five-mile perimeter, or Rice Energy will cause such well to be released from our dedication under the gas gathering and compression agreement.

Water Services Agreements

On November 4, 2015, we entered into water services agreements with Rice Energy, whereby we have agreed to provide certain fluid handling services to Rice Energy, 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 for Rice Energy within areas of dedication in defined service areas in Pennsylvania and Ohio. In consideration for the acquisition of the Water Assets, we paid Rice Energy \$200.0 million in cash plus an additional amount, if certain of the conveyed systems' capacities increase by 5.0 MMgal/d on or prior to December 31, 2017, equal to \$25.0 million less the capital expenditures expended by us to achieve such increase, in accordance with the terms of the Purchase Agreement. The initial term of the Water Services Agreements is until December 22, 2029 and from month to month thereafter. Under the agreements, Rice Energy will pay us (i) a variable fee, based on volumes of water supplied, for freshwater deliveries by pipeline directly to the well site, subject to annual CPI adjustments and (ii) a produced water hauling fee of actual out-of-pocket cost incurred by us, plus a 2% margin.

Pipeline, Construction, Ownership and Operating Agreement

A subsidiary of Rice Energy is party to a Pipeline, Construction, Ownership and Operating Agreement, or the Whipkey Agreement, pursuant to which it owns 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 Rice Energy. The Whipkey Agreement was contributed to us in connection with the closing of our initial public offering. We recognized approximately \$0.5 million, \$0.2 million and \$3.0 million of revenue, respectively, during the years ended December 31, 2013, December 31, 2014 and December 31, 2015 pursuant to the Whipkey Agreement.

Procedures for Review, Approval and Ratification of Transactions with Related Persons

In connection with the closing of our initial public offering, the board of directors of our general partner adopted policies for the review, approval and ratification of transactions with related persons. The board adopted a written code of business conduct and ethics, under which a director would be expected to bring to the attention of our chief executive officer or the board any conflict or potential conflict of interest that may arise between the director or any affiliate of the director, on the one hand, and us or our general partner on the other. The resolution of any such conflict or potential conflict should, at the discretion of the board in light of the circumstances, be determined by a majority of the disinterested directors.

If a conflict or potential conflict of interest arises between our general partner or its affiliates, on the one hand, and us or our unitholders, on the other hand, the resolution of any such conflict or potential conflict should be addressed by the board of directors of our general partner in accordance with the provisions of our partnership agreement. At the

discretion of the board in light of the circumstances, the resolution may be determined by the board in its entirety or by the conflicts committee.

Under the provisions of our code of business conduct, any executive officer will be required to avoid conflicts of interest unless approved by the board of directors of our general partner.

The code of business conduct and ethics described above was adopted in connection with the closing of our initial public offering, and as a result, the transactions described above were not reviewed according to such procedures.

Item 14. Principal Accountant Fees and Services

Ernst & Young LLP (“E&Y”) served as our independent auditor for the fiscal years ended December 31, 2015 and 2014.

The following table presents fees billed for professional audit services rendered by E&Y for the audit of our annual financial statements for the years ended December 31, 2015 and 2014, and fees for other services rendered by E&Y.

(in thousands)	2015	2014
Audit Fees ⁽¹⁾	\$542.5	\$653.4
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total	\$542.5	\$653.4

For fiscal year 2015, includes E&Y fees for professional services provided in connection with (a) audit of our (1) financial statements, (b) review of our quarterly consolidated financial statements and (c) review of our filings with the SEC, including review of registration statements, comfort letters and consents.

Policy for Approval of Audit and Permitted Non-Audit Services

Before the independent registered public accounting firm is engaged by us or our subsidiaries to render audit or non-audit services, the audit committee must pre-approve the engagement. Audit committee pre-approval of audit and non-audit services is not required if the engagement for the services is entered into pursuant to pre-approval policies and procedures established by the audit committee. The chairman of the audit committee has the authority to grant pre-approvals, provided such approvals are within the pre-approval policy and presented to the audit committee at a subsequent meeting.

The audit committee has approved the appointment of E&Y as our independent auditor to conduct the audit of our consolidated financial statements for the year ending December 31, 2016.

PART IV

Item 15. Exhibits and Financial Statement Schedules

a. The following documents are filed as a part of this Annual Report on Form 10-K or incorporated herein by reference:

(1) Financial Statements:

See Item 8. Financial Statements and Supplementary Data.

(2) Financial Statement Schedules:

None.

(3) Exhibits:

The exhibits listed on the accompanying index to exhibits (pages 123 through 124) are filed as part of this Annual Report on Form 10-K.

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.

RICE MIDSTREAM PARTNERS LP

By: Rice Midstream Management LLC, its general partner
 By: /s/ Daniel J. Rice IV
 Daniel J. Rice IV
 Director, Chief Executive Officer
 February 25, 2016

Pursuant to the requirements of the Securities 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.

Signature	Title (Position with Rice Midstream Management LLC)	Date
/s/ Daniel J. Rice IV Daniel J. Rice IV	Director, Chief Executive Officer (Principal Executive Officer)	February 25, 2016
/s/ Grayson T. Lisenby Grayson T. Lisenby	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 25, 2016
/s/ James W. Rogers James W. Rogers	Senior Vice President, Chief Accounting & Administrative Officer, Treasurer (Principal Accounting Officer)	February 25, 2016
/s/ Robert R. Wingo Robert R. Wingo	Director, Senior Vice President, Chief Operating Officer	February 25, 2016
/s/ Daniel J. Rice III Daniel J. Rice III	Director	February 25, 2016
/s/ Robert F. Vagt Robert F. Vagt	Director	February 25, 2016
/s/ D. Mark Leland D. Mark Leland	Director	February 25, 2016
/s/ James H. Lytal James H. Lytal	Director	February 25, 2016

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Index to Exhibits

Exhibits are incorporated by reference or are filed with this report as indicated below (numbered in accordance with Item 601 of Regulation S-K).

Exhibit No.	Description
2.1***	Purchase and Sale Agreement, dated as of November 4, 2015, by and between Rice Energy Inc. and Rice Midstream Partners LP (incorporated by reference to Exhibit 2.1 of the Partnership's Current Report on Form 8-K (File No. 001-36789) filed with the Commission on November 5, 2015).
3.1	Certificate of Formation of Rice Midstream Partners LP (incorporated by reference to Exhibit 3.1 of the Partnership's draft registration statement on Form S-1 (File No. 377-00804) filed with the Commission on October 3, 2014).
3.2	Amended and Restated Agreement of Limited Partnership of Rice Midstream Partners LP, dated December 22, 2014, by and between Rice Midstream Management LLC, as the General Partner, and Rice Midstream Holdings LLC, as the Organizational Limited Partner LLC (incorporated by reference to Exhibit 3.1 of the Partnership's Current Report on Form 8-K (File No. 001-36789) filed with the Commission on December 22, 2014).
3.3	Certificate of Formation of Rice Midstream Management LLC (incorporated by reference to Exhibit 3.3 of the Partnership's draft registration statement on Form S-1 (File No. 377-00804) filed with the Commission on October 3, 2014).
3.4	Amended and Restated Limited Liability Company Agreement of Rice Midstream Management LLC, dated as of December 22, 2014, by Rice Midstream Holdings LLC, as the Sole Member (incorporated by reference to Exhibit 3.2 of the Partnership's Current Report on Form 8-K (File No. 001-36789) filed with the Commission on December 22, 2014).
4.1	Registration Rights Agreement, dated as of November 10, 2015, by and among Rice Midstream Partners LP and the Purchasers named on Schedule A thereto (incorporated by reference to Exhibit 4.1 of the Partnership's Registration Statement on Form S-1 (File No. 333-207977) filed with the Commission on November 13, 2015).
10.1	Contribution Agreement, dated as of December 22, 2014, by and among Rice Midstream Partners LP, Rice Midstream Holdings LLC, Rice Midstream OpCo LLC and Rice Midstream Management LLC (incorporated by reference to Exhibit 10.1 of the Partnership's Current Report on Form 8-K (File No. 001-36789) filed with the Commission on December 22, 2014).
10.2	Omnibus Agreement, dated as of December 22, 2014, by and between Rice Midstream Partners LP, Rice Midstream Management LLC, Rice Poseidon Midstream LLC, Rice Midstream Holdings LLC and Rice Energy Inc. (incorporated by reference to Exhibit 10.2 of the Partnership's Current Report on Form 8-K (File No. 001-36789) filed with the Commission on December 22, 2014).
10.3	Gas Gathering and Compression Agreement, dated as of December 22, 2014, by and between Rice Drilling B LLC, Rice Midstream Partners LP and Alpha Shale Resources LP (incorporated by reference to Exhibit 10.3 of the Partnership's Current Report on Form 8-K (File No. 001-36789) filed with the Commission on December 22, 2014).
10.4	Registration Rights Agreement, dated as of December 22, 2014, by and between Rice Midstream Holdings LLC and Rice Midstream Partners LP ((incorporated by reference to Exhibit 10.5 of the Partnership's Current Report on Form 8-K (File No. 001-36789) filed with the Commission on December 22, 2014).
10.5	Credit Agreement, dated as of December 22, 2014, among Rice Midstream Partners LP, as Parent Guarantor, Rice Midstream OpCo LLC, as Borrower, Wells Fargo Bank, National Association, as administrative agent, certain lenders party thereto and the other parties thereto (incorporated by reference to Exhibit 10.6 of the Partnership's Current Report on Form 8-K (File No. 001-36789) filed with the Commission on December 22, 2014).
10.6	First Amendment to Credit Agreement, dated as of January 13, 2016, among Rice Midstream Partners LP, as parent guarantor, Rice Midstream OpCo LLC, as borrower, Wells Fargo Bank, N.A., as

administrative agent, and the lenders and other parties thereto (incorporated by reference to Exhibit 10.1 of the Partnership's Current Report on Form 8-K (File No. 801-36789) filed with the Commission on January 15, 2016).

10.7 Employee Secondment Agreement, dated as of December 22, 2014, by and between Rice Energy Inc. and Rice Midstream Partners LP (incorporated by reference to Exhibit 10.1 of the Partnership's Current Report on Form 8-K (File No. 001-36789) filed with the Commission on December 22, 2014).

10.8† Rice Midstream Partners LP 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 4.3 of the Partnership's Registration Statement on Form S-8 (File No. 333-201169) filed with the Commission on December 19, 2014).

10.9† Form of Phantom Unit Agreement- Equity Settled under the Rice Midstream Partners LP 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 4.4 of the Partnership's Registration Statement on Form S-8 (File No. 333-201169) filed with the Commission on December 19, 2014).

10.10† Form of Phantom Unit Agreement- Cash Settled under the Rice Midstream Partners LP 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 4.5 of the Partnership's Registration Statement on Form S-8 (File No. 333-201169) filed with the Commission on December 19, 2014).

- 10.11 Common Unit Purchase Agreement, dated as of November 4, 2015, by and among Rice Midstream Partners LP and the Purchasers named therein (incorporated by reference to Exhibit 10.1 of the Partnership's Current Report on Form 8-K (File No. 001-36789) filed with the Commission on November 5, 2015).
- 10.12 Amended and Restated Water Services Agreement, dated as of November 4, 2015, by and between Rice Drilling B LLC and Rice Water Services (PA) LLC (incorporated by reference to Exhibit 10.2 of the Partnership's Current Report on Form 8-K (File No. 001-36789) filed with the Commission on November 5, 2015).
- 10.13 Amended and Restated Water Services Agreement, dated as of November 4, 2015, by and between Rice Drilling D LLC and Rice Water Services (OH) LLC (incorporated by reference to Exhibit 10.3 of the Partnership's Current Report on Form 8-K (File No. 001-36789) filed with the Commission on November 5, 2015).
- 21.1 List of Subsidiaries of Rice Midstream Partners LP (incorporated by reference to Exhibit 21.1 of the Partnership's Registration Statement on Form S-1 (File No. 333-207977) filed with the Commission on November 13, 2015).
- 23.1* Consent of Ernst & Young LLP.
- 23.2* Consent of Ernst & Young LLP.
- 31.1* Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15d-14(a), by Chief Executive Officer.
- 31.2* Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15d-14(a), by Chief Financial Officer.
- 32.1** Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Executive Officer.
- 32.2** Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Financial Officer.
- 101.INS* XBRL Instance Document.
- 101.SCH* XBRL Schema Document.
- 101.CAL* XBRL Calculation Linkbase Document.
- 101.DEF* XBRL Definition Linkbase Document.
- 101.LAB* XBRL Labels Linkbase Document.
- 101.PRE* XBRL Presentation Linkbase Document.
- * Filed herewith.
- ** Furnished herewith. Pursuant to SEC Release No. 33-8212, this certification will be treated as "accompanying" this Annual Report on Form 10-K and not "filed" as part of such report for purposes of Section 18 of the Securities Exchange Act, as amended, or otherwise subject to the liability of Section 18 of the Securities Exchange Act, as amended, and this certification will not be deemed to be incorporated by reference into any filing under the Securities Exchange Act of 1933, as amended, except to the extent that the registrant specifically incorporates it by reference.
- *** The schedules to this agreement have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. The Partnership will furnish copies of such schedules to the Securities and Exchange Commission upon request.
- † Management contract or compensatory plan or agreement.

GLOSSARY OF TERMS

Btu: British thermal units.

capacity: Pipeline capacity available to transport natural gas based on system facilities and design conditions.

condensate: Similar to crude oil and produced in association with natural gas gathering and processing.

Dominion: Dominion Transmission's TL-342 and TL-492 interstate pipelines.

DOT: Department of Transportation.

EIA: U.S. Energy Information Administration.

EPA: Environmental Protection Agency.

EQT: EQT Midstream Partners, LP's M-78 and H-148 pipeline systems.

FERC: Federal Energy Regulatory Commission.

field: The general area encompassed by one or more oil or gas reservoirs or pools that are located on a single geologic feature, that are otherwise closely related to the same geologic feature (either structural or stratigraphic).

hydrocarbon: An organic compound containing only carbon and hydrogen.

Longwall coal mining: A productive underground mining method in the United States. A shearer with two rotating cutting drums trams across the longwall face, cutting the coal and transferring it to an armored chain conveyor.

Hydraulic supports hold the roof as the longwall system advances through the coal.

MDth: One thousand dekatherms.

MDth/d: One thousand dekatherms per day.

MMDth/d: One million dekatherms per day.

MGPD: One thousand gallons per day.

MMGPD: One million gallons per day.

MMcf: One million cubic feet of natural gas.

MMcf/d: One million cubic feet per day.

natural gas: Hydrocarbon gas found in the earth, composed of methane, ethane, butane, propane and other gases.

NFGS: National Fuel Gas Supply's N-Line interstate pipeline.

NGLs: Natural gas liquids, which consist primarily of ethane, propane, isobutane, normal butane and natural gasoline.

oil: Crude oil and condensate.

scf: Standard cubic feet.

SEC: United States Securities and Exchange Commission.

TCO: Columbia (TCO)'s 1750 and 1983 interstate pipelines.

TETCO: Spectra Energy's Texas Eastern interstate pipeline.

throughput: The volume of product passing through a pipeline, plant, terminal or other facility.