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PRESENTATION

Operator

Welcome to the Third Quarter 2018 Summit Midstream Partners, LP Earnings Conference Call. My name is Paula, and I will be your operator for today's call. (Operator Instructions) Please note that this conference is being recorded. I will now turn the call over to Marc Stratton, Senior Vice President and Treasurer. You may begin.

Marc Stratton ***Summit Midstream Partners, LP - Senior VP & Treasurer***

Thanks, operator, and good morning, everyone. Thank you for joining us today to discuss our financial and operating results for the third quarter of 2018. If you don't already have a copy of our earnings release, please visit our website at www.summitmidstream.com where you'll you find it on the homepage or in the News section. With me today to discuss our quarterly earnings release is Steve Newby, our President and Chief Executive Officer; Matt Harrison, our Chief Financial Officer; Leonard Mallett, our Chief Operations Officer; Brad Graves, our Chief Commercial Officer; and Brock Degeyter, our General Counsel.

Before we start, I'd like to remind you that our discussion today may contain forward-looking statements. These statements may include, but are not limited to, our estimates of future volumes, operating expenses and capital expenditures. They may also include statements concerning anticipated cash flow, liquidity, business strategy and other plans and objectives for future operations. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can provide no assurance that such expectations will prove to be correct. Please see our 2017 annual report on Form 10-K, which was filed with the SEC on February 26, 2018, as well as our other SEC filings for a listing of factors that could cause actual results to differ materially from expected results. Please also note that on this call, we use the terms EBITDA, adjusted EBITDA and distributable cash flow. These are non-GAAP financial measures, and we have provided reconciliations to the most directly comparable GAAP measures in our most recent earnings release.

And with that, I'll turn the call over to Steve Newby.

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

Thanks, Mark. Good morning, everyone, and thanks for joining us on the call this morning.

As usual, I'll begin with a few moments on the quarter, and I'll turn it over to Matt for more detail on our quarterly financial results. I'll then wrap up the call by giving an update on our Double E project and discussing our preliminary outlook for 2019.

Yesterday, we announced our operational and financial results for the third quarter. Adjusted EBITDA in the third quarter totaled $73.4 million, which was in line with both the prior period and the second quarter of '18 results. We are on track to hit our 2018 adjusted EBITDA guidance of $285 million to $300 million. Distributable cash flow in the third quarter was $43.6 million, which led to a distribution coverage ratio of 0.96x. We had a pretty full maintenance CapEx spend in the quarter totaling more than $6.4 million, which impacted quarterly distribution coverage. The higher maintenance CapEx was due to seasonality, and we continue to expect full year 2018 maintenance CapEx to range from $15 million to $20 million. And we expect distribution coverage to improve in the fourth quarter with full year 2018 coverage at approximately 1x.

A key component of our third quarter results was the high level of drilling and completion activity by our customers in the Williston segment. Liquid volumes averaged almost 97,000 barrels a day in the quarter, a new record for SMLP, an increase of over 30% from the prior year and 9% quarter-over-quarter. Higher volumes were driven by strong well results and consistent drilling and completion activity, with 26 new wells turned in line in the quarter. Our customers are currently running 3 drilling rigs upstream of our systems.

During the third quarter, certain of our Williston customers temporarily curtailed production from a number of existing wells for nearby simultaneous drilling and completion activities, which along with the produced water constraints at third-party disposal wells negatively impacted third quarter volumes by an estimated 12,000 barrels a day. Many of these constraints have since been lifted, and liquid volumes in October are in excess of 100,000 barrels a day.

The outlook for our Williston segment is strong, and we are forecasting higher liquids volumes for the fourth quarter of '18 and into '19.

As previously discussed, we're completing now our debottlenecking project on our crew gathering system that will add approximately 30,000 barrels a day to the system. We plan to complete this project before year-end. Also, our commercial teams enhanced our customer portfolio by adding 3 new gathering agreements in the quarter, all of which are expected to further boost activity going forward.

In the Utica, our SMU segment and our OGC segment experienced differing results for the quarter. For SMU, volumes were down approximately 14% quarter-over-quarter, mainly due to drilling and completion activity that is currently going on in the area that required temporary volume curtailments of existing production. This activity costs us approximately 40 million cubic feet a day of volumes on the system. Activity remains steady with 1 drilling rig working upstream of our systems since the second quarter of '18 and scheduled to remain there throughout all of 2019. We expect to see a robust level of drilling and completion activity at SMU with completions beginning now and remaining steady through the end of '19.

One change in activity we became aware of in the third quarter is a shift by one of our primary customers to focus on the wet gas and condensate windows of the Utica shale behind OGC. While this is countered to our prior expectations, it isn't a major surprise as improving economics that make higher crude oil and NGL prices make these liquid-rich areas very economically attractive. We are already seeing an uptick in activity levels associated with our Ohio Gathering segment, which reported 10% quarter-over-quarter volume growth, driven by 20 new wells connected in the quarter. Our customers are currently operating 3 rigs upstream of OGC, and we expect this activity will continue for the foreseeable future and lead to 2019 volume growth.

SMU and OGC are 2 of the subsystems included in our 2000 drop-down transaction. So this geographic switch away from the dry gas window and into the wet and condensate windows is captured in our DPPO calculation. As a result, we have reduced the estimated undiscounted amount of the DPPO from $538 million to $454 million, primarily based on fewer new gas -- new dry gas wells at SMU in 2019, which really just relates to timing but impact the DPPO significantly. This shift was partially offset by increased expectations, as I mentioned, in the wet gas area and lower CapEx related to connecting customers new pads in the dry gas area.

Just a few other key points on the Utica before we move on. First, although the expectation for activity in the dry gas window was lower than we expected last quarter, that's reflected in the DPPO, we still expect solid growth in this area for many years to come. In the wet gas and condensate windows, we have seen a significant increase in activity over the past several months, which will lead to nice volume and cash flow increases in 2019. Further, the discussions we're having with customers lead us to be bullish in the Utica well beyond 2019 and spanning across all 3 windows: condensate, wet gas and dry gas of the basin.

Second, the DPPO is working exactly as designed in that it's adjusting with changes in the performance of those assets. I know it seems like ages ago, but when the assets were dropped down in the first quarter of 2016, crude was trading below $30 a barrel, natural gas was trading at around $2 a barrel -- or $2 an Mcf and energy capital markets were in a state of disarray.

In connection with the drop-down, our general partner agreed to wear the development risk associated with these assets, which has enabled SMLP to acquire these assets at an attractive 6.5x multiple of trailing EBITDA. While we couldn't have predicted early in 2016 what the duration of the commodity cycle, perversely, the extension of the cycle has benefited the MLP as it relates to the DPPO. Because while the payment amount has come down, we see robust growth in these assets in 2020 and beyond. So SMLP will benefit greatly from this post-2019 growth outlook.

Moving to our Barnett segment. Volumes in the third quarter were down approximately 12% from the prior quarter. This is exacerbated by our required annual regulatory shutdown, which coincided with temporary volume curtailments of existing well pads with new drilling and completion activities -- sorry, on well pads with new drilling and completion activities. The scheduled maintenance affected volumes for 5 days in September, and together with the regulatory shutdown, costs us about 15 million cubic feet a day during the quarter.

Late in third quarter, our DFW Midstream customer completed 5 new wells, and exit rate volumes for the quarter averaged approximately 260 million cubic feet a day. We're forecasting 4 new additional well connections in early '19, which we expect to positively impact volumes into next year.

Activity in the Piceance and DJ segment was focused on our DJ Basin system, where our team is working diligently to commission our new 60 million a day processing plant, which we expect to begin later this year. Currently, volume throughput on the DJ system is constrained by the existing 20 million a day plant. And in the third quarter, the DJ system operated at nearly full capacity. 39 new wells were completed in our Piceance/DJ segment during the quarter, including 23 new wells upstream of the Niobrara G&P system. In addition, our DJ customers are currently running 4 rigs behind our service area and building an inventory of docks to immediately utilize the new processing capacity once it becomes available later this year. At these activity levels, we are already evaluating subsequent expansions of the processing complex.

Turning to our Northern Delaware operations. Our team is focused on commissioning our Lane processing plant, which we expect will occur in the fourth quarter with a steady ramp in volumes throughout '19. This facility was originally underpinned by XTO Energy. However, in less than 1.5 years, we have executed 3 additional gas-processing agreements and are negotiating agreements with other potential counterparties. Our customers are currently running 2 drilling rigs upstream of our gathering and processing system. And like the DJ, this is an area where the activity levels are requiring us to begin planning subsequent plant expansions even before the initial project has been commission.

Our gathering and processing projects in the Northern Delaware and DJ Basins have accounted for the majority of our CapEx expenditures thus far in '18, with practically 0 associated cash flow. Our leverage ratios and distribution coverage ratios have also been impacted. But despite this, our balance sheet remains in good shape. We have significant liquidity and ample leverage capacity, which as of 9/30 stood at 4.02x. We expect our distribution coverage ratio to improve throughout '19 as we more fully utilize our assets and begin to generate meaningful cash flow from our investments in the DJ and in the Delaware. We do not forecast a need to access the equity capital markets in the near term, and we expect to be V-E-R-Y well-positioned for the DPPO payoff in 2020.

With that, I'll turn it over to Matt to review our financial results in more detail.

Matthew S. Harrison ***Summit Midstream Partners, LP - Executive VP & CFO of Summit Midstream GP, LLC***

Great, thanks, Steve. SMLP reported net income of $57.5 million for the third quarter of 2018 compared to net income of $93.6 million in the third quarter of 2017. The third quarter of 2018 included $37.2 million of noncash income related to deferred purchase price obligation, or DPPO. Net income in the prior period included $70.5 million of noncash income related to the DPPO.

Adjusted EBITDA for the third quarter of 2018 totaled $73.4 million compared to $73.5 million for the prior year period. The $100,000 decrease in adjusted EBITDA was primarily due to natural gas volume decreases on our operated natural gas systems offset by liquids volumes increases on our Polar & Divide systems. Adjusted EBITDA in the third quarter of 2018 included approximately $15.8 million related to MVC mechanisms from our natural gas gathering and crude oil transportation agreements. Additional tabular detail regarding MVCs is included in the third quarter earnings release.

Total operated natural gas volumes averaged 1.6 billion cubic feet per day in the third quarter, a decrease of 10.8% compared to 1.8 Bcf a day in the prior year period. SMLP experienced natural gas volume decline on all of our operated systems excluding the Niobrara G&P system in the DJ basin. Ohio Gathering averaged 797 million cubic feet per day in the third quarter of 2018, a 4.5% increase compared to

763 million cubic feet a day in the prior year period.

In the Utica, our wholly owned and operated Summit Midstream Utica system gathered 357 million cubic feet per day in the third quarter, a decrease of 11.4% compared to 403 million cubic feet a day in the prior year period and 14% relative to the second quarter of 2018. Natural production declines in our SMU system were offset by increased volumes from the TPL-7 connector, which was started in the second quarter of 2017.

Also, SMU's third quarter volumes were impacted by approximately 40 million a day of temporary volume curtailments related to infill drilling and completion activity. Volumes on the TPL-7 connector averaged 148 million a day in the third quarter of 2018 compared to 74 million a day in the prior year period and 124 million a day in the second quarter of 2018. Currently, our customers have 1 rig working on SMU.

For Ohio Gathering, volume throughput in the third quarter of 2018 was 797 million cubic feet per day, a 4.5% increase compared to the prior year period and a 9.6% increase compared to the second quarter of 2018. Volumes increased relative to prior year and prior quarter due to 20 new wells that were brought online late in the second quarter of 2018 and 20 new wells brought online in the third quarter of 2018. Currently, our customers have 3 rigs working in the Ohio Gathering service area.

Our liquids gathering business in the Williston Basin averaged 97,000 barrels per day in the third quarter, up 31% from the third quarter of 2017 and up 9% compared to the second quarter of 2018. 10 new wells were brought online in the first quarter of 2018, 20 new wells were brought online in the second quarter of 2018 and another 20 new wells were brought online in the third quarter of 2018.

SMLP estimates approximately 12,000 barrels per day were offline during the third quarter due to certain customers initiating temporary production curtailments on existing wells nearby drilling and completion activities or produced water capacity constraints at third party disposal wells, which necessitated trucking activities. Currently, our customers have 3 rigs working in our Williston Basin service area.

Our Piceance/DJ basin segment averaged 571 million cubic feet per day in the third quarter of 2018, down approximately 4% compared to the third quarter of 2017 and relatively flat to the previous quarter.

Natural production declines have been partially offset by the completion of 50 new wells in the first quarter of 2018, 37 new wells in the second quarter of 2018 and another 39 new wells in the third quarter of 2018, including 23 new wells upstream of our Niobrara G&P system in the DJ basin.

In November 2017, we announced plans to develop a new 60 million cubic feet per day processing plant expansion in the DJ Basin. The new plant is expected to be commissioned in the fourth quarter. We expect our DJ Basin system to experience volume growth throughout the balance of 2018 and continue through 2019. Currently, our customers have 4 rigs working in our Piceance/DJ segment, all upstream of the Niobrara G&P system in the DJ Basin.

In the Barnett, volume throughput averaged 232 million cubic feet per day in the third quarter of 2018, down approximately 9% compared to the third quarter of 2017 and down approximately 12% from the second quarter 2018. Volume throughput in the third quarter was impacted by a temporary curtailment associated with simultaneous drilling and completion activities and by an annual regulatory shutdown, which resulted in little to no volumes for approximately 5 days in September. We estimate these activities impacted volume throughput by 15 million a day for the quarter. Five new wells were brought online later in the third quarter.

Volume throughput in our Marcellus segment averaged 450 million cubic feet per day in the third quarter, down approximately 19% compared to the third quarter of 2017 and approximately 14% from the second quarter of 2018. Compared to the prior period, volumes were impacted by the natural production declines of 27 new wells brought online in 2017 and 9 wells that came on late in the first quarter of 2018. No new wells are expected for the balance of 2018.

Turning back to the partnership. Distributable cash flow totaled $43.6 million in the third quarter, which implied a distribution coverage ratio of 0.96x relative to the third quarter distribution of $0.575 per common unit to be paid on November 14.

CapEx for the third quarter totaled $46.6 million, of which $6.4 million was classified as maintenance CapEx. We had $384 million outstanding under our $1.25 billion revolving credit facility at September 30, 2018, and $866 million of available borrowing capacity. Total leverage as of September 30, 2018, was 4.02x.

SMLP also reaffirmed its 2018 financial guidance. We expect 2018 adjusted EBITDA to range from $285 million to $300 million. Total CapEx is expected to range between $175 million and $225 million, which includes $15 million to $20 million of maintenance CapEx. We expect distribution coverage for the full year to approximate 1x.

SMLP introduced its preliminary view with respect to 2019 financial guidance. We expect adjusted EBITDA growth of at least 10% over 2018. We expect distribution coverage in the fourth quarter of 2019 to exceed 1.15x.

With that, I'll turn the call back over to Steve.

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

Thanks, Matt. So let me first begin by discussing the Double E Pipeline, which is our project to provide up to 1.5 Bcf a day of residue natural gas transportation capacity from the Delaware Basin to the Waha Hub. We conducted a binding open season process in the third quarter. Through that binding open season, our investment thesis was affirmed, which is that a pipeline solution is required to evacuate a significant amount of residue natural gas out of New Mexico to Waha.

In addition to the initial precedent agreement with XTO Energy for up to 0.5 Bcf of firm capacity, we have executed additional precedent agreements with new shippers, and we are continuing to discuss significant firm volume commitments with other prospective shippers.

We will make our final investment decision on Double E once these negotiations have concluded as these discussions could have a material impact on the scope of the project.

Our timing on FID has not impacted our filing process, and we continue to target a second quarter of 2021 in-service date. This is a large industry solution that is requiring shippers in conjunction with SMLP to make long-term financial commitments.

From Summit standpoint, we are going to remain disciplined and make sure we have the right level of support and ultimately economics for our unitholders before we FID the project. Additionally, we are reviewing numerous financing alternatives in parallel with our FID process with on balance sheet and off balance sheet and including Exxon's option to participate in the project.

We expect to outline our financing plan for Double E when we FID the project. We also expect to more closely evaluate noncore asset sales in 2019 as we focus our capital investment in our 4 key growth areas: Delaware, Utica, DJ and Bakken.

Looking ahead to next year, yesterday, we released a preliminary view of 2019 adjusted EBITDA, which we expect to be up at least 10% over '18. These results will translate into strong distribution coverage and leverage ratios, which will leave SMLP in a very good position to address the DPPO. We will continue to refine this forecast and expect to provide more specific disclosure in our next earnings release.

2018 has been a transformational year for Summit as we have firmly exited the commodity price cycle downturn and are positioning ourselves for significant growth in adjusted EBITDA and DCF per unit.

I'm proud of our team for executing on operational and commercial milestones, and I'm encouraged by both the macro landscape and the activity of customers in our operating footprints. The activity and opportunity for organic growth development is the best we've seen since 2013. As producers seek midstream service offerings, Summit continues to benefit from our reputation as a high-quality operator, and I'm grateful to our team for the dedication to this reputation.

With that, I'll open it up for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question comes from Tristan Richardson from SunTrust.

Tristan James Richardson ***SunTrust Robinson Humphrey, Inc., Research Division - VP***

With respect to -- let me express, we really appreciate all the additional comments on your commercial efforts there. It's helpful. I think you guys commented that the ultimate timing will depend on the outcome of a few potential customer discussions you're having now that could flex the scope of the project. Can you talk about what point an FID might impact the start date? I mean, we assume a few weeks here or there aren't going to impact anything. But just curious, if FID pushes out further, at what point does that 2Q '21 date start to become more subject to review?

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

Yes, it's a good question. So our -- the real key is we expect to file for our 7(c) permit, Tristan, in late first quarter, towards the end of February, beginning of March. And that's really what -- the ultimate from a timing perspective is working back from that key milestone and our thoughts around the FERC process. So I don't expect our commercial discussions to go that long, frankly. We're actively working it now. But that -- but if you wanted to put a marker in it as far as timing, that would be where I'd point you.

Tristan James Richardson ***SunTrust Robinson Humphrey, Inc., Research Division - VP***

That's helpful. And then when you talk about kind of flexing the scope depending on customer discussions, is there a possibility that you could see the upsides from the "up to 1.5" in terms of the scope of the project?

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

Yes. I think what we're seeing -- you may have noticed the nuance of the 1.5, I think, before we basically said are on a Bcf. That was by design. And then I would say beyond that level, it comes down to adding compression to the pipe and the level of that add. So you have very incremental expansion opportunities beyond that 1.5 Bcf, which is effectively adding compression. And obviously, that's got to be supported by our customers as well too because it's capital from us. So that's how we view it.

Tristan James Richardson ***SunTrust Robinson Humphrey, Inc., Research Division - VP***

That makes sense. And just lastly for me. As you talk about early evaluations of expansion on the processing side in the Permian, I assume that the expansion there goes hand in hand with the Double E project. But curious if any potential expansions would be a significant step-up or you might have an expand-as-you-go scenario, either modular or in increments of 60 a day, et cetera, type of approach one versus the other.

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

Yes. Let me take that a couple of ways because I want to talk about a little bit about the Permian and I'll finish up on the DJ because that's important, too. So on the Permian, I wouldn't necessarily make the complete connection between our processing complex and expansion of it as it relates to Double E. Double E is going to have 3 or 4 receipt points for gas along the way. So it's not going to just be the Lane complex. It's going to be multiple receipt points. So it's an industry solution that was desperately needed, but it's not just tied to Lane. So I think that's important. Now on Lane, I think what we have to plan for, and this goes for the Delaware -- or for the DJ also, is it takes us about 12 to 14 months to get a new plant in. And so we have to look -- and that's not unusual in our space, but we have to look out a year ahead and be having conversations with our customers a year ahead to try to keep up with our activity. And what we're trying to tell you is based upon that view, we're having to evaluate expansions at both places. I think the easier one from our outlook is probably the DJ given what we're seeing and the level of activity we're seeing. Our area in the Delaware is it's the northern part of the Delaware, it's a much higher oil cut than what most of you guys are used to seeing down the state line area. This is 80%-plus oil cut well. So it's being -- drilling is migrating and moving north. And so we're working with our customers on that, but we're not going to do an expansion in either place unless we feel like it's supported by their level of activity, but we are already evaluating those. And I would say on the Permian, on sizing, we haven't just -- we just haven't made the determination yet. It's just a little too early on whether we -- do we do another 60, do we do a 200. So all of those are going to be in consideration here over the next couple of quarters.

Operator

Our next question comes from Mirek Zak from Citigroup.

Mirek Zak ***Citigroup Inc, Research Division - Senior Associate***

Just in the Williston, besides your debottlenecking project there, can you comment on your takeaway options out of the basin and what kind of tightness you or your customers might be seeing on exit options? And how much are remaining available of sort of reserve capacity you have to get product out of the basin?

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

Yes, great question. So our issue really -- we're very well positioned on the takeaway front because we deliver -- we have 3 main options. We deliver to rail, so COLT, which is Crestwood's asset. We deliver to DAPL and we deliver to Enbridge. So all 3. We definitely over the last 2 quarters have seen volumes move between those assets, mainly between DAPL and rail. Frankly, as bases widens on the crude side. you'll see rail pick up. But on the takeaway side, we're fine. That's not our issue, and the debottlenecking is really on our own system. We're just seeing tremendous volume growth. We really started this -- it's a small project. It's just highly incremental to us. We started it about 1.5 quarters ago. I think I talked about it on the last call, and we're going to finish it here by the holidays. And it's going to give us another -- about another 30,000 barrels a day of capacity on our own system. So our constraint isn't on takeaway. That project's meant for our own gathering system, and we expect it to be used throughout '19. It's -- there's pretty high level of -- not only high level of activity there, we're seeing bigger wells as proppant loading really takes hold in the basin. So we're seeing bigger wells.

Mirek Zak ***Citigroup Inc, Research Division - Senior Associate***

Okay. And can you provide a little more color around your outlook for the Piceance and DJ volumes further down the road? I guess, this goes with your comments around potential projects. But do you think at some point that your volumes there might get beyond -- exceed the MVC levels for the customers that it pertains to and that you might bring that segment to basically drive steady cash flow growth?

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

Yes, so let me split the 2, the DJ from the Piceance. I think in the DJ, we're going to cut this plant on here in the next month or so, and we think it's going to be a pretty steady ramp and fairly quick ramp throughout '19. And as I mentioned, we're already viewing -- or reviewing potential expansions there from what we're seeing and what our discussions are with our customers. So our outlook in the DJ is, I would say, very robust given what we're seeing and what we're talking to our customers about. The Piceance is different. We're seeing lower growth there, and even some declines there is what we're expecting. That area is getting hit pretty hard by the bases backup from Waha up into Western Colorado. And so that's affecting our customers there. As you noted, we're pretty highly underpinned there, but we don't expect significant growth from the Piceance and actually are expecting '19 declines in that area. So that's why I would split those 2 areas apart. I know they're reported in the same segment, but that -- there's 2 different dynamics going on in each one.

Mirek Zak ***Citigroup Inc, Research Division - Senior Associate***

Okay. And just one quick final one. On the M&A front, I'm just curious if you have had any conversations regarding any of your assets or if you would look at that as a potential way to possibly raise capital to focus on higher priority projects or if that's just something you're not entertaining right now.

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

I would say yes and yes. I probably shouldn't leave it there with you. But yes, we have had conversations, and yes, we continue to look at -- I think what I wanted to get across in my commentary is there's 4 key growth areas to us. The capital markets are constrained. Asset sales are going to become, as they are with other of our peers, are going to become -- a renewed focus for us as well, too as we look to focus dollars in these 4 key growth areas. We are reviewing other noncore assets in our portfolio and we'll continue to do so.

Mirek Zak ***Citigroup Inc, Research Division - Senior Associate***

Can you comment on any -- which sort of regions are of little more interest than not? Or...

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

So I would put it as in one of our core growth areas in the Permian, the DJ, the Utica and the Bakken. And you can sort of take it from there on what's not our core areas, and where we may be refocusing dollars.

Operator

(Operator Instructions) And we do have a follow-up question from Tristan Richardson from SunTrust.

Tristan James Richardson ***SunTrust Robinson Humphrey, Inc., Research Division - VP***

While I've got you, let's just keep it going. Just kind of curious as you look at these potential expansions in some of your growth areas and understanding it's early days and still evaluating and having commercial discussion with customers, but curious just general time frame. I mean, could we see potential expansions as early as kicking off in '19? Is it too early to say at this point?

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

Yes. I think kicking off, yes. Again, it takes a year or so to get a plant in. I would use 14 months as a good marker. So from what we're seeing as far as volume growth in both areas, in both the Permian and the DJ, yes, it's something we could absolutely kick off in '19. How much it impacts '19 from a CapEx standpoint is probably too early to be determined, and we're going to manage that pretty closely given Double E, given the deferred payment. But yes, I think we're evaluating them now on what we need to do.

Operator

Our next question comes from Ethan Bellamy from Baird.

Ethan Heyward Bellamy ***Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst***

I apologize, this is redundant, but I joined a little late. I mean, you guys have an uncompetitive cost of equity capital with your yield and an increasingly off-spec incentive distribution rights structure. Is it your contention that you can fully finance Double E without tackling the structure or the cost of equity?

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

Yes, it is, yes. I think we did -- we mentioned it -- or I mentioned it in my prepared remarks. I think Double E, we're getting -- not only do we have significant commercial interest on the project, we have significant interest from folks wanting to help us finance that either on balance sheet or off balance sheet in creative ways. So we expect to be able to do Double E. And the way the capital weighs out, it's really over the next 3 to 4 years. So it's not all in 1 year. So the answer is yes, we don't expect to have to address our distribution to finance Double E.

Ethan Heyward Bellamy ***Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst***

Okay. And then longer term, the structure and IDRs?

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

Yes. So we pay about $8.5 million on IDR cash flow today. It's definitely on our radar, as you would imagine, especially given the growth we expect over the next several years. And so it's one of the things we're going to have to look at and address. I don't think there's any set time period for that. But we are going to -- it's not a huge burden for us right now, but it's going to become a bigger one given our growth profile over the next several years. So I don't have an answer as far as timing. But yes, it's on our -- it's defiantly on our radar to address.

Ethan Heyward Bellamy ***Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst***

Okay. So is it safe to say, to sort of craft the value proposition for investors, is that the distribution's going nowhere, so buy it now, you're going to get your 15%; and then as we grow EBITDA, stock should probably move up as leverage metrics and coverage improves?

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

Yes. I don't think we're real incented to grow the distribution at this level. So -- but we don't feel like a distribution cut is the answer to all of our problems here. We feel like we can grow accretively given what we're seeing and how we feel like EBITDA is going to grow with coverage to grow into that. But you're absolutely right, we're not ready to address the distribution. Something would have to change given what we're seeing to do that, and we just don't see it right now. And you're getting paid handsomely to see that growth, so I think that's a good way to put it. And that's how we're seeing it. We expect north of -- we expect double digit growth in '19. And our outlook for 2020, I know people are focused on -- a lot on the Utica with the DPPO. But I would tell you, our outlook for the Utica right now is the strongest it's been in quite some time. And it's going to grow north of 15% for us in '19, and we expect it to grow more in 2020 and beyond, which is going to be very valuable to MLP because they're not going to have to pay for that beyond '19 growth.

Ethan Heyward Bellamy ***Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst***

Okay. And so for somebody new to the story, who looks at a 15% yield, I mean, in a lot of cases, there's -- that's an indicator that something's wrong. How would you sort of respond to that cosmetically? And if there were to be something that threaten the distribution, how would you summarize that? Would it be general downturn in commodity prices that impacts volumes and then ultimately threatens the growth?

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

Yes. I think it has to be performance related and growth related. If we felt like we just couldn't get done what we needed to get done, we just don't -- we're levered at 4x, and we feel like we have a solution for the DPPO to pay that over the next 2 years. We have until -- I think one nuance for folks looking at us and our story, we have until the end of 2020 to fully repay the DPPO, right? So we have payment due in the first half and then -- but we can stretch it out to 2020 as well, too. So we feel like we have a good story there, but it has to be performance related. And I think we're happy now that we're finally seeing growth. After a couple of years of being flat, we're expecting -- we think double-digit growth is actually pretty good in the EBITDA. And so it would have to be related to that, Ethan, and something materially change for us to address the distribution. Again, we just don't think trying to cut your distribution to target some magical yield to the investor base, I just don't think that's worked. I think others have tried that. And you cut your distribution because you have to, not because you want to, and you typically do it because of leverage. We don't view our leverage as an issue. And I think congratulations are in order for all of us on 1 12.

Operator

Our next question comes from Kyle May from Capital One.

Kyle May ***Capital One Securities, Inc., Research Division - Associate***

Just one quick one for me. Looking at your initial outlook for 2019 with 10% growth year-over-year. Can you give us any preliminary thoughts about what's going into that and if it factors in the potential asset sales that you are considering?

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

So I'll take it in reverse order. The answer is no, you can't -- we don't factor in M&A either way. It's hard to do that. So the answer is no on that. First let me say, it's at least 10%. I want to make that clear. We didn't come out with a marker that said 10%. We think it's going to be at least double-digit growth. What's going into it? We have 2 plants that contribute 0, in fact, negative because we had expenses related to them in the DJ, in the Permian, 2 plant expansions that will be starting up. The DJ plant's underpinned by significant volume commitments. And so you're going to see a big ramp as soon as that plant starts up due to receipt of those payments. So that's a big piece of it. Williston is also a big piece of it. Our view of the Williston is that '19 could be even as good as '18 was, if not better if we hold obviously some level -- $60-ish type crude oil prices. We've got a pretty well -- a pretty big backlog of activity in the Williston that we feel comfortable about.

And then the Utica -- I know the Utica disappointed some people from this announcement because of the DPPO, but the Utica is still going to be up probably in the mid-upper teens as far as growth next year for us. So it's still growing pretty significantly. And again, the MLP is getting the benefit of not having to pay as much. And I will tell you given what we're seeing in the growth beyond '19, now that, that starts to come into the picture with our customers, we're pretty excited about that, that growth. So those are the 3 areas. What's the headwinds for us? I mentioned one, Western Colorado, we're seeing a tough market out there given gas bases getting pushed back up from Waha into that area. And then the Barnett for us is a slack to slightly declining asset. So those 2 are probably headwinds for us that we are battling against. So the Marcellus is the other one, although that's a lower-margin business. We expect to see declines there through the year. And then we are -- do believe there's going to be a pretty good drilling and growth in the Marcellus probably towards the end of '19. So it's not going to contribute much to '19. So that's another -- so they're smaller headwind for us, too. So that's where we are. You throw all of those into the black box, and you're going to get something north of 10% growth. And we think that's good. We think that's a strong -- if I tell you -- if I could sign up for that over the next 3 to 5 years double-digit growth every year, I'd probably do it today.

Operator

I will now turn the call over to Steve Newby for closing comments.

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

I think we have one more question, operator.

Operator

And we do have a question online, and that question comes from Elvira Scotto from RBC.

Elvira Scotto ***RBC Capital Markets, LLC, Research Division - Director***

Just one follow-up question from me. In terms of the growth outlook that you have, what sort of commodity price expectation do you have embedded in that growth outlook for '19?

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

Yes. I'd say we use the strip. So think of strip pricing as what's embedded in that. As you know, we're not very sensitive directly to commodity prices. So it's more of how it impacts during the completion activity. And a lot of this is se tup through what's going on right now, obviously, in the fourth quarter, just given the cycle of completion. So rig activity going on in our areas right now really helped solidify '19's view for us. But to answer your question directly, I'd use strip pricing.

Elvira Scotto ***RBC Capital Markets, LLC, Research Division - Director***

Got it, great. And then just -- I guess, just one last one. Can you just help us understand a little bit about the dynamics that are happening? And you talked about this a little bit. But maybe a little more detail around the -- what's happening at SMU and then how that benefits Ohio Gathering. And what sort of trajectory -- you said Utica is going to be up about 15%, I guess. But what are the trajectories and how you see those 2 evolving in '19 and then actually even beyond? Because I think you're still very bullish on all of it, I'm assuming.

Steven J. Newby ***Summit Midstream Partners, LP - President, CEO & Director of Summit Midstream GP, LLC***

We are. Yes, I want to -- it's a great question. I'm actually glad you asked it. So both are going to be up. So it's not one carrying the other. We have one of our main anchor customers in our dry gas area drilling and completing wells right now and expected to continue that throughout '19. And that's a set plan that was put in place this past summer. It's going to benefit us not just '19, well into -- beyond '19. Those are big wells. We're getting impacted right now, we did in the third quarter, by that customer bringing off pads to complete -- drill and complete wells. So it's a little lumpy when that goes on. But it's going to be consistent -- a pretty consistent ramp. And it's all at SMU on existing pads, so there's no CapEx associated with that. What we had in the third quarter is we had -- we anticipated our -- one of our -- our other big customer at SMU to begin drilling and completing as well that was going to hit us in the first half of -- the volume is going to hit us in the first half of '19. What they decided to do is actually, given current liquids pricing, which is very strong, they decided to drill -- focus more heavily on the wet gas window and the condensate window of the Utica, which, by the way, we also have exposure there through OGC. So it's benefiting us at OGC. We only own 40% of that system versus 100%, so there is a movement of cash flow. But again, the MLP isn't exposed to that. They're going to pay a lot less for that asset because of that movement. And so that's what's going on. What we are seeing longer term, I mentioned it in the dry gas window, that customer who's moved to the wet gas window is expecting to come back to the dry gas window as well. It's going to be beyond '19. And so perversely, that benefits the MLPs. They're not going to have to pay for the asset and DPPO. So we are expecting with our 2 customers there pretty significant growth beyond '19 in the dry gas window. And then that customer is drilling -- I think running 3 or 4 rigs, 3 rigs right now in the wet gas window of OGC and expected to continue if not increase activity there. So we're expecting volume growth in the Utica overall. We're more bullish right now than we've been in quite some time over the longer term. And I know it's lumpy, and it's showed up in the deferred payment, but we're seeing pretty -- some pretty significant activity. And I want to stress even in '19 for us, we expected the Utica to be up significantly. So hopefully that gives you more color around it.

So I think that's it on the questions, operator. So I'll just wish everyone a Happy Early Veterans Day, and have a good weekend. And please follow up with us if -- as you have further questions. Thank you.

Operator

Thank you. Ladies and gentlemen, this concludes today's conference. Thank you for participating, and you may now disconnect.