Dominion Midstream Partners, LP
Form S-1/A
August 15, 2014

As filed with the Securities and Exchange Commission on August 15, 2014

Registration No. 333-194864

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 3

to

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Dominion Midstream Partners, LP

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**4922**	**46-5135781**
(State or Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

120 Tredegar Street

Richmond, Virginia 23219

(804) 819-2000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Mark O. Webb

120 Tredegar Street

Richmond, Virginia 23219

(804) 819-2000

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

David P. Oelman	**William J. Cooper**	**Michael O Leary**
E. Ramey Layne	**Andrews Kurth LLP**	**Andrews Kurth LLP**
Vinson & Elkins L.L.P.	**1350 I St. NW, Suite 1100**	**600 Travis Street, Suite 4200**
1001 Fannin Street, Suite 2500	**Washington, DC 20005**	**Houston, Texas 77002**
Houston, Texas 77002	**Tel: (202) 662-2700**	**Tel: (713) 220-4200**
Tel: (713) 758-2222		

Approximate date of commencement of proposed sale to the public:

As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the Securities Act), check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

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

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

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission becomes effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated August 15, 2014

PROSPECTUS

Dominion Midstream Partners, LP

Common Units

Representing Limited Partner Interests

This is the initial public offering of our common units representing limited partner interests. We are offering common units. Prior to this offering, there has been no public market for our common units. We currently expect the initial public offering price to be between $ and $ per common unit. We have been approved to list our common units on the New York Stock Exchange under the symbol DM.

Immediately following the closing of this offering, our sole cash flow generating asset will be a preferred equity interest in Dominion Cove Point LNG, LP.

Investing in our common units involves risks. Please read Risk Factors beginning on page 26.

These risks include the following:

- Our preferred equity interest in Dominion Cove Point LNG, LP may not generate sufficient cash following the establishment of cash reserves and payment of costs and expenses, including cost reimbursements to our general partner and its affiliates, to enable us to pay the minimum quarterly distribution to our unitholders.

- Unitholders 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.

Dominion Resources, Inc. owns and controls our general partner, which has sole responsibility for conducting our business and managing our operations. Our general partner and its affiliates, including Dominion Resources, Inc., have conflicts of interest with us and limited duties, and they may favor their own interests to our detriment and that of our unitholders.

Unitholders will experience immediate and substantial dilution of $ per common unit.

There is no existing market for our common units, and a trading market that will provide you with adequate liquidity may not develop. The price of our common units may fluctuate significantly, and unitholders could lose all or part of their investment.

Our tax treatment depends on our status as a partnership for federal income tax purposes and not being subject to a material amount of entity-level taxation. If the Internal Revenue Service 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 unitholders would be substantially reduced.

Even if unitholders do not receive any cash distributions from us, they will be required to pay taxes on their share of our taxable income.

In order to comply with applicable Federal Energy Regulatory Commission (the FERC) rate-making policies, we require an owner of our common units to be an Eligible Holder. Eligible Holders are individuals or entities whose U.S. federal income tax status (or lack of proof thereof) does not, in the determination of our general partner, create a substantial risk of an adverse effect on the rates that can be charged to customers with respect to assets that are subject to regulation by the FERC or a similar regulatory body. If you are not an Eligible Holder, you will not be entitled to receive distributions or allocations of income or loss on your common units and your common units will be subject to redemption.

In addition, we qualify as an emerging growth company as defined in Section 2(a)(19) of the Securities Act and, as such, are allowed to provide in this prospectus more limited disclosures than an issuer that would not so qualify. Furthermore, for so long as we remain an emerging growth company, we will qualify for certain limited exceptions from investor protection laws such as the Sarbanes-Oxley Act of 2002 and the Investor Protection and Securities Reform Act of 2010. Please read Risk Factors and Summary Emerging Growth Company Status.

	Per Common Unit	Total
Public Offering Price	$	$
Underwriting Discounts[(1)]	$	$
Proceeds to Dominion Midstream Partners, LP (before expenses)	$	$

(1) Excludes a structuring fee of % of the gross proceeds of this offering, including the gross proceeds from any exercise of the underwriters option to purchase additional units, payable to Barclays Capital Inc. and Citigroup Global Markets Inc. Please read Underwriting. The structuring fee will be paid to Barclays Capital Inc. and Citigroup Global Markets Inc. from the net proceeds of this offering. Please read Use of Proceeds.

The underwriters may purchase up to an additional common units from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common units to purchasers on or about through the book-entry facilities of The Depository Trust Company.

Barclays **Citigroup** **J.P. Morgan**

Prospectus dated , 2014

Table of Contents

Cove Point LNG Facility   Lusby, Maryland

Table of Contents

You should rely only on the information contained in this prospectus, any free writing prospectus prepared by or on behalf of us or any other information to which we have referred you in connection with this offering. We have not, and the underwriters have not, authorized any other person to provide you with information different from that contained in this prospectus. Neither the delivery of this prospectus nor sale of our common units means that information contained in this prospectus is correct after the date of this prospectus. This prospectus is not an offer to sell or solicitation of an offer to buy our common units in any circumstances under which the offer or solicitation is unlawful.

TABLE OF CONTENTS

Table of Contents

Table of Contents

Table of Contents

Industry and Market Data

This prospectus includes industry data and forecasts that we obtained from industry publications and surveys, public filings and internal company sources. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. Statements as to our market position and market estimates are based on independent industry publications, government publications, third-party forecasts, management s estimates and assumptions about our markets and our internal research. While we are not aware of any misstatements regarding the market, industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under the headings Forward-Looking Statements and Risk Factors in this prospectus.

Table of Contents

Trademarks and Trade Names

We own or have rights to various trademarks, service marks and trade names that we use in connection with the operation of our business. This prospectus may also contain trademarks, service marks and trade names of third parties, which are the property of their respective owners. Our use or display of third parties trademarks, service marks, trade names or products in this prospectus is not intended to, and should not be read to, imply a relationship with or endorsement or sponsorship of us. Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus may appear without the ®, TM or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and trade names.

SUMMARY

This summary highlights information contained elsewhere in this prospectus. You should read the entire prospectus carefully, including the historical and pro forma financial statements and the notes to those financial statements, before investing in our common units. The information presented in this prospectus assumes an initial public offering price of $ per common unit (the mid-point of the price range set forth on the cover page of this prospectus) and, unless otherwise indicated, that the underwriters option to purchase additional common units is not exercised. You should read Risk Factors for information about important risks that you should consider before buying our common units.

References in this prospectus to Cove Point, the Predecessor, our predecessor, and we, our, us, our partnership or like terms when used in a historical context refer to Dominion Cove Point LNG, LP, which is our predecessor for accounting purposes, and when used in the present tense or prospectively, Dominion Midstream, we, our, us or like terms refer to Dominion Midstream Partners, LP and its wholly-owned subsidiary, Cove Point GP Holding Company, LLC. Unless the context otherwise requires, references in this prospectus to Dominion refer collectively to Dominion Resources, Inc. and its subsidiaries, other than us and Cove Point. We include a glossary of some of the terms used in this prospectus as Appendix C.

Dominion Midstream Partners, LP

Overview

We are a growth-oriented Delaware limited partnership formed on March 11, 2014 by Dominion to initially own all of the outstanding preferred equity interests (the ***Preferred Equity Interest***) in Dominion Cove Point LNG, LP, a Delaware limited partnership (***Cove Point***), which owns liquefied natural gas (***LNG***) import, storage, regasification and transportation assets. We expect that our relationship with Dominion, which has substantial additional midstream assets, should provide us the opportunity over time to grow a portfolio of natural gas terminalling, processing, storage, transportation and related assets. Cove Point is the owner and operator of the Dominion Cove Point LNG Facility, an LNG import/regasification and storage facility located on the Chesapeake Bay in Lusby, Maryland (the ***Cove Point LNG Facility***), and approximately 136 miles of natural gas pipeline (the ***Cove Point Pipelin***e) that connects the Cove Point LNG Facility to interstate natural gas pipelines. Cove Point is currently generating significant revenue and earnings from annual reservation payments under regasification, storage and transportation contracts with a portfolio of creditworthy counterparties, including affiliates of BP, Royal Dutch Shell and Statoil.

Cove Point is actively pursuing the development of natural gas export/liquefaction facilities (the ***Liquefaction Project*** and, together with the Cove Point Pipeline and the Cove Point LNG Facility, the ***Cove Point Facilities***) on land already owned by Cove Point, which is within the developed area of the existing Cove Point LNG Facility. The Liquefaction Project is expected to be completed and placed into service in late 2017. Liquefaction is the process by which natural gas is converted into LNG, which can be loaded into LNG vessels for export. U.S. exports of LNG are expected to increase substantially over the next decade, driven by an abundant supply of natural gas in the U.S., combined with projected growth in worldwide demand for natural gas and significantly higher prices globally, particularly in Asia. The Liquefaction Project s available capacity is fully contracted with two counterparties: (1) a joint venture between Sumitomo Corporation and Tokyo Gas Co., Ltd. and (2) a subsidiary of GAIL (India) Limited. Each contract is a long-term fixed reservation fee agreement with a 20-year term commencing on the date the Liquefaction Project is placed in service. Upon completion, the Liquefaction Project is expected to substantially increase net income and EBITDA generated by Cove Point, in which we hold the Preferred Equity Interest.

Dominion is the owner of all of the common equity interests in Cove Point and has indicated that it intends to provide the funding necessary for the development of the Liquefaction Project and other capital expenditures

1

Table of Contents

incurred by Cove Point. Dominion will grant us in connection with this offering a right of first offer with respect to any future sale of its common equity interests in Cove Point, which should benefit from the expected increased cash flows and income associated with the Liquefaction Project upon its completion, and we may also acquire newly issued common equity or additional preferred equity interests in Cove Point.

Preferred Equity Interest

Immediately following the consummation of this offering, our sole cash flow generating asset will be the Preferred Equity Interest. The Preferred Equity Interest is a perpetual, non-convertible preferred equity interest entitled to the first $50.0 million of annual cash distributions made by Cove Point (***Preferred Return Distributions***) so long as Cove Point has sufficient cash and undistributed Net Operating Income (determined on a cumulative basis from the closing of this offering) from which to make Preferred Return Distributions. We expect the Preferred Equity Interest to have limited exposure to the capital expenditure requirements associated with the future expansion of the Cove Point Facilities, as Dominion, although it is under no obligation to do so, has indicated that it intends to provide such funding. Preferred Return Distributions will be made on a quarterly basis and will not be cumulative. ***Net Operating Income*** means Cove Point s gross revenues from operations minus its interest expense and operating expenses, but excluding depreciation and amortization, as determined for U.S. federal income tax purposes. Our Preferred Equity Interest is also entitled to a portion of Cove Point s cash distributions above a certain threshold. Please read Business Preferred Equity Interest.

We expect that Cove Point will generate cash and cumulative Net Operating Income in excess of that required to make Preferred Return Distributions through the expected completion of the Liquefaction Project in late 2017 and thereafter. We base our expectation on the existing long-term contracts with firm reservation charges for substantially all of the regasification and storage capacity of the Cove Point LNG Facility and all of the transportation capacity of the Cove Point Pipeline and the belief that the Liquefaction Project will commence operations in 2017. While we expect Cove Point s cash flows and Net Operating Income from its existing import contracts and associated transportation contracts to decrease as those contracts expire in 2017 and 2023, we expect the cash flows and Net Operating Income from the Liquefaction Project, once completed, to replace and substantially exceed Cove Point s cash flows and Net Operating Income from its existing import contracts and associated transportation contracts. Until the Liquefaction Project is completed, Cove Point will be prohibited from making a distribution on its common equity interests until it has a distribution reserve sufficient to pay two quarters of Preferred Return Distributions. We intend to cause Cove Point to fully fund such distribution reserve by December 31, 2016, but there can be no assurance that funds will be available or sufficient for such purpose or that Cove Point will have sufficient cash and undistributed Net Operating Income to permit it to continue to make Preferred Return Distributions after the expiration of certain of its contracts in 2017. We do not expect to cause Cove Point to make distributions on its common equity prior to the Liquefaction Project commencing commercial service.

Cove Point

Overview

Cove Point s operations currently consist of LNG import and storage services at the Cove Point LNG Facility and the transportation of domestic natural gas and regasified LNG to Mid-Atlantic markets via the Cove Point Pipeline. Following binding commitments from counterparties, Cove Point has requested regulatory approval to operate the Cove Point LNG Facility as a bi-directional facility, able to import LNG and vaporize it as natural gas or to liquefy domestic natural gas and export it as LNG.

Table of Contents

Operations

Import/Storage/Regasification Facilities

The Cove Point LNG Facility includes an offshore pier, LNG storage tanks, regasification facilities and associated equipment required to (i) receive imported LNG from tankers, (ii) store LNG in storage tanks, (iii) regasify LNG and (iv) deliver regasified LNG to the Cove Point Pipeline. The Cove Point LNG Facility has an operational peak regasification capacity of approximately 1,800 MDt/day and an aggregate LNG storage capacity of 695,000 cubic meters of LNG, or approximately 14.6 Bcfe, all of which is currently fully contracted. In addition, the Cove Point LNG Facility has an existing liquefier (unrelated to the Liquefaction Project) capable of liquefying approximately 15 MDt/day of natural gas. This liquefaction capacity is primarily used to liquefy natural gas received from domestic customers that store LNG in our tanks for use during peak periods of natural gas demand.

Cove Point currently provides services under (i) long-term agreements with three LNG import shippers (the ***Import Shippers***) for an aggregate of 1,000 MDt/day of firm and off-peak regasification capacity, and (ii) long-term agreements for an aggregate 204 MDt/day of firm capacity with four local distribution companies that receive firm peaking services (the ***Storage Customers***), whereby the Storage Customers deliver domestic natural gas to the Cove Point LNG Facility to be liquefied and stored during the summer for withdrawal on a limited number of days at peak times during the winter. Cove Point also has an additional 800 MDt/day of regasification capacity committed under a separate agreement with Statoil Natural Gas, LLC (***Statoil***), one of the Import Shippers. Although the Cove Point LNG Facility is not currently receiving any LNG import shipments (other than to maintain the facility in a cryogenic state), its customers are required to pay fixed monthly charges, regardless of whether they use the amount of capacity they have paid to reserve at the Cove Point LNG Facility. Following the expiration of certain Cove Point regasification and transportation contracts with Statoil in 2017, the resulting available storage and transportation capacity will be utilized in connection with the Liquefaction Project. Please read Business About Cove Point Operations Cove Point s Import/Storage/Regasification Facilities. The following table sets forth certain details of Cove Point s long-term agreements with its customers related to its import/storage/regasification facilities and existing liquefier.

Cove Point Import Shippers / Storage Customers

	Contract Expiration	Annual Reservation Payments[1] (in thousands)
Import Shipper		
BP Energy Company	8/18/2023	$ 23,948
Shell NA LNG, Inc.	8/18/2023	23,948
Statoil	8/18/2023	23,948
Statoil[2]	5/1/2017	117,673
Storage Customer[3]		
Atlanta Gas Light Company	4/15/2015	2,006
Public Service Company of North Carolina, Incorporated	4/15/2021	727
Virginia Natural Gas, Inc.	4/15/2016	291
Washington Gas Light Company	4/15/2015	1,028

Washington Gas Light Company	8/31/2018		857
Total (subject to rounding)		$	194,425

(1) These reservation payments are subject to potential changes at and after January 1, 2017 because Cove Point is required to file its next rate case with the FERC in 2016, except for reservation payments identified in note 2 below.

3

(2) Statoil s maximum daily delivery quantity under this contract will decrease commencing January 1, 2017, in advance of contract expiration on May 1, 2017, resulting in total anticipated reservation payments of approximately $10.7 million in 2017.
(3) Several of these contracts are subject to evergreen provisions and may be renewed.

Pipeline Facilities

The Cove Point Pipeline is a 36-inch diameter bi-directional underground, interstate natural gas pipeline that extends approximately 88 miles from the Cove Point LNG Facility to interconnections with pipelines owned by Transcontinental Gas Pipe Line Company, LLC (***Transco***) in Fairfax County, Virginia, Columbia Gas Transmission LLC (***Columbia***) and Dominion Transmission, Inc. (***DTI***), an indirect wholly-owned subsidiary of Dominion. Both the Columbia and DTI interconnections are located in Loudoun County, Virginia. In 2009, the original pipeline was expanded to include a 36-inch diameter loop that extends approximately 48 miles, roughly seventy-five percent (75%) of which is parallel to the original pipeline.

Cove Point offers open-access transportation services, including firm transportation, off-peak firm transportation and interruptible transportation, with cost-based rates and terms and conditions that are subject to the jurisdiction of the FERC. Firm transportation services are generally provided based on a reservation-based fee that is designed to recover Cove Point s fixed costs and earn a reasonable return. Cove Point also provides certain incrementally priced, firm transportation services that are associated with expansion projects. Cove Point s firm transportation customers (the ***Firm Transportation Customers***) are required to pay fixed monthly fees, regardless of whether they use their reserved capacity. The Cove Point Pipeline serves as the primary method of transportation of natural gas supplies to or from the Cove Point LNG Facilities. The following table sets forth certain details of Cove Point s existing agreements with its customers related to its firm and off-peak transportation services.

Cove Point Pipeline Transportation Customers

Transportation Customer	Contract Expiration(1)	Annual Reservation Payments(2) (in thousands)
Atlanta Gas Light Company	4/15/2015	$ 363
BP Energy Company	8/18/2023	1,434
Public Service Company of North Carolina, Incorporated	4/15/2021	132
Sempra Energy Trading LLC	5/31/2016	126
Shell NA LNG, Inc.	8/18/2023	1,434
Statoil	8/18/2023	1,434
Statoil(3)	5/1/2017	32,430
Virginia Natural Gas, Inc.	4/15/2016	53
Virginia Power Services Energy Corp., Inc.	4/30/2025	1,565
Washington Gas Light Company	4/15/2015	263
Washington Gas Light Company	8/31/2018	263
Washington Gas Light Company	4/30/2025	5,764
Total (subject to rounding)		$ 45,260

(1) Several of these contracts are subject to evergreen provisions and may be renewed.
(2) These reservation payments are subject to potential changes at and after January 1, 2017 because Cove Point is required to file its next rate case with the FERC in 2016, except for reservation payments identified in note 3 below.

Table of Contents

(3) Statoil s maximum firm transportation quantity will decrease commencing January 1, 2017, in advance of contract expiration on May 1, 2017, resulting in anticipated reservation payments of approximately $2.2 million in 2017.

Export/Liquefaction Facilities

Cove Point is in the process of developing the Liquefaction Project, which will consist of one LNG train with a design nameplate outlet capacity of 5.25 Mtpa. Under normal operating conditions and after accounting for maintenance downtime and other losses, the firm contracted capacity for LNG loading onto ships, which we refer to in this prospectus as available capacity, will be approximately 4.6 Mtpa (0.66 Bcfe/d). Cove Point has authorization from the United States Department of Energy (***DOE***) to export up to 0.77 Bcfe/d (approximately 5.75 Mtpa) should the liquefaction facilities perform better than expected. Once completed, the Liquefaction Project will enable the Cove Point LNG Facility to liquefy domestically produced natural gas and export it as LNG. The Liquefaction Project will be constructed on land already owned by Cove Point, which is within the developed area of the existing Cove Point LNG Facility, and will be integrated with a number of the facilities that are currently operational. Domestic natural gas will be delivered to the Cove Point LNG Facility through the Cove Point Pipeline for liquefaction and will be exported as LNG.

Cove Point has executed service contracts for the Liquefaction Project with two counterparties, each of which has contracted for fifty-percent (50%) of the available capacity. The two counterparties are: (1) ST Cove Point, LLC, a joint venture of Sumitomo Corporation, a Japanese corporation that is one of the world s leading trading companies, and Tokyo Gas Co., Ltd., a Japanese corporation that is the largest natural gas utility in Japan; and (2) GAIL Global (USA) LNG LLC, a wholly-owned indirect U.S. subsidiary of GAIL (India) Limited, one of the largest government-linked natural gas companies in India (together, the ***Export Customers***). These Export Customers have each entered into a 20-year agreement for the planned liquefaction and export services. In addition, each of the Export Customers has entered into a pipeline precedent agreement for an accompanying 20-year service agreement for firm transportation on the Cove Point Pipeline. Cove Point will provide terminal services for the Export Customers as a tolling service, and the Export Customers will be responsible for procuring their own natural gas supplies and transporting such supplies to or from the Cove Point LNG Facilities. Following the completion and initial startup phase of the Liquefaction Project, we expect that Cove Point will be able to pay the Preferred Return Distributions using a small percentage of its total available cash flows, as we expect Cove Point s total annual revenues, including reservation charges on the Cove Point Pipeline, to increase substantially notwithstanding the expiration or termination of any existing contracts with its Import Shippers or Storage Customers.

The Liquefaction Project will utilize existing storage tanks at the Cove Point LNG Facility to store LNG produced by the liquefaction facilities. Total installed storage capacity is 695,000 cubic meters of LNG, or approximately 14.6 Bcfe of gas. The Export Customers together will have firm access to 6.8 Bcfe of the existing storage capacity, which will be made available upon the expiration of one of Cove Point s import contracts with Statoil on May 1, 2017, with the balance of existing capacity available for Cove Point s Import Shippers and Storage Customers. Subject to receipt of regulatory approvals, Cove Point intends to commence construction of the Liquefaction Project in the third quarter of 2014 in order to place the Liquefaction Project facilities in service during late 2017.

The total costs of developing the Liquefaction Project are estimated to be $3.4 billion to $3.8 billion, excluding financing costs. Through June 30, 2014, Cove Point incurred $561.0 million of development costs associated with the Liquefaction Project. Dominion has indicated that it intends to provide the funding necessary for the remaining development costs for the Liquefaction Project, but it is under no obligation to do so. We intend to cause Cove Point to use the net proceeds contributed to it in connection with this offering to fund a portion of development and construction costs associated with the Liquefaction Project.

5

Table of Contents

Cove Point s Pipeline Facilities Associated with the Liquefaction Project

The existing Cove Point Pipeline will transport natural gas to the Cove Point LNG Facility for liquefaction pursuant to contracts with the Exports Customers described above. The three major pipelines that interconnect with the Cove Point Pipeline access several other interstate pipelines, allowing domestically produced natural gas available for export to be sourced from numerous producing regions across North America.

In connection with the Liquefaction Project, pressure on the Cove Point Pipeline may be increased to enable Cove Point to meet both the existing and proposed firm contractual obligations, and Cove Point therefore expects to construct additional compression and related facilities in order to move the gas delivered to the Cove Point Pipeline to the Cove Point LNG Facility for liquefaction. Subject to receipt of regulatory approvals, Cove Point intends to commence construction of these additional Cove Point Pipeline facilities in 2016 for placement in service during late 2017.

Liquefaction Project Regulatory and Other Proceedings

Prior to being able to export LNG, Cove Point must receive approvals from the DOE to export the commodity, from the FERC to construct and operate the facilities, and from the Public Service Commission of Maryland (the ***Maryland Commission***) to construct the power generation facilities at the Cove Point LNG Facility. In October 2011, the DOE granted approval for the export of up to 1.0 Bcfe/d of natural gas to countries that have or will enter into a Free Trade Agreement (***FTA***) for trade in natural gas (the ***FTA Authorization***). In September 2013, the DOE also granted approval for the export of up to 0.77 Bcfe/d of natural gas to countries that do not have an FTA for trade in natural gas (the ***Non-FTA Authorization***). The FTA Authorization and Non-FTA Authorization have 25- and 20-year terms, respectively. Cove Point may not treat the volumes authorized for export pursuant to the FTA Authorization and the Non-FTA Authorization as additive to one another.

In April 2013, Cove Point filed its application with the FERC requesting authorization to construct, modify and operate the Liquefaction Project, as well as enhance the Cove Point Pipeline. In May 2014, the FERC staff issued its environmental assessment (the EA) for the Liquefaction Project. In the EA, the FERC staff addressed a variety of topics related to the proposed construction and development of the Liquefaction Project and its potential impact to the environment, including in the areas of geology, soils, groundwater, surface waters, wetlands, vegetation, wildlife and aquatic resources, special status species, land use, recreation, socioeconomics, air quality and noise, reliability and safety, and cumulative impacts. Based on the analysis in the EA, the FERC staff determined that with the implementation of appropriate mitigation measures in these areas, the Liquefaction Project can be built and operated safely with no significant impact to the environment. The mitigation measures proposed in the EA are not final. Until the FERC approves the Liquefaction Project, the mitigation measures and associated conditions are nonbinding and are subject to change, and the estimated costs and impact of implementing such measures cannot yet be determined. The application is currently pending before the FERC.

In April 2013, Cove Point also filed an application with the Maryland Commission requesting authorization to construct a generating station in connection with the Liquefaction Project. In May 2014, the Maryland Commission granted a Certificate of Public Convenience and Necessity (the ***CPCN***) authorizing the construction of such generating station. The CPCN is conditional upon Cove Point receiving FERC approval for the Project and will obligate Cove Point to make payments over time totaling approximately $48 million to the Maryland Strategic Energy Investments Fund (***SEIF***) and Maryland low income energy assistance programs. In June 2014, a party filed a notice of petition for judicial review of the CPCN with the Circuit Court for Baltimore City in Maryland.

Table of Contents

Business Strategies

Our primary business objective is to generate stable and growing cash flows, which will enable us to maintain and increase our cash distributions per unit over time. We intend to accomplish this objective by executing the following strategies:

Pursue accretive acquisitions from Dominion. We intend to seek opportunities to expand our initial asset base primarily through accretive acquisitions from Dominion. Dominion will grant us in connection with this offering a right of first offer with respect to any future sale of its common equity interests in Cove Point, and we may also acquire newly issued common or additional preferred equity interests in Cove Point. Furthermore, Dominion will grant us in connection with this offering a right of first offer with respect to any future sale of its indirect ownership interest in Blue Racer Midstream, LLC (***Blue Racer***), which is a growing midstream company focused on the Utica Shale formation. Although Dominion will grant us in connection with this offering a right of first offer with respect to such interests in Cove Point and Blue Racer, Dominion is under no obligation to sell these interests, nor are we obligated to purchase such interests, and we currently do not know when, if ever, such interests will be acquired from Dominion. In addition, we believe Dominion will offer us opportunities to acquire other midstream assets that it may acquire or develop in the future or that it currently owns. We believe that Dominion s economic relationship with us incentivizes it to offer us acquisition opportunities, although it is under no obligation to do so and neither are we obligated to make any such acquisitions. Please read Our Relationship with Dominion.

Pursue third-party acquisitions and organic growth opportunities. We also intend to grow our business by pursuing strategic acquisitions from third parties and, as we acquire additional assets, future organic growth opportunities at those acquired assets. Our third-party growth strategy will include assets both within the existing geographic footprint of Dominion s natural gas-related businesses and potentially in new areas.

Focus on long-term, stable cash flows. We intend to pursue future growth opportunities, whether through our relationship with Dominion, third-party acquisitions or organic growth opportunities, that provide long-term, stable cash flows.

Capitalize on Dominion s midstream experience in the Utica and Marcellus Shale formations. We intend to capitalize on Dominion s midstream experience in the high growth areas of the Utica and Marcellus Shale formations. Dominion s experience in these shale formations, as well as its extensive footprint, could potentially provide significant growth opportunities.

Competitive Strengths

We believe we are well positioned to execute our business strategies based on the following competitive strengths:

Our affiliation with Dominion. We believe that Dominion, one of the nation s largest producers and transporters of energy and the ultimate owner of our general partner, all of our incentive distribution rights (***IDRs***) and a % limited partner interest in us, is motivated to promote and support the successful execution of our primary business objective through, for example, the following:

Cove Point acquisition opportunities: Dominion will retain all of the common equity interests in Cove Point immediately following the consummation of this offering and Dominion will grant us in connection with this offering a right of first offer with respect to any future sale of these common equity interests. We may also acquire newly issued common equity interests in Cove Point or additional preferred equity interests in Cove Point in the future, which should benefit from the expected increase in cash flows and income associated with the Liquefaction Project upon its completion, provided that any issuances of additional equity interests in Cove Point would require both our and Dominion s approval.

Table of Contents

Other existing Dominion midstream assets: Dominion will grant us in connection with this offering a right of first offer with respect to any future sale of its indirect ownership interest in Blue Racer. Furthermore, Dominion owns and operates a large portfolio of midstream natural gas assets. We believe Dominion will offer us opportunities to acquire additional midstream assets that it currently owns, although it is under no obligation to do so.

Future Dominion acquisition opportunities: One of the drivers from Dominion s overall capital investment program is the future construction of infrastructure to handle the increase in natural gas production from the Marcellus and Utica Shale formations. We believe Dominion will offer us the opportunity to acquire additional midstream assets it constructs or acquires in the future, although it is not obligated to do so.

Significant industry and management expertise: Through our relationship with Dominion, we will have access to a significant pool of management talent, strong commercial relationships throughout the energy industry and the broad operational, commercial, technical, risk management and administrative infrastructure of Dominion. We believe this access will, among other things, enhance the execution of our expansion and acquisition strategies. Our management team includes many senior employees of Dominion with extensive experience in the energy industry.

Stable cash flows underpinned by long-term, fixed-fee contracts. The cash flow attributable to our Preferred Equity Interest is underpinned by long-term agreements with counterparties that are creditworthy entities or whose obligations are guaranteed by creditworthy entities. These counterparties are obligated to make fixed reservation or similar payments, regardless of whether such customers use the amount of capacity that they have reserved with respect to the Cove Point Facilities.

Strategic location within the developed area of existing facilities. We believe that the Liquefaction Project s location within the developed area of the existing Cove Point LNG Facility provides significant cost advantages for Cove Point by allowing Cove Point to utilize the existing marine facilities, interconnecting pipelines, storage capacity and other infrastructure.

Financial flexibility and strong capital structure. At the consummation of this offering, we will not have any outstanding indebtedness and will have an undrawn borrowing capacity of $300 million under our credit facility with Dominion, allowing us to competitively pursue acquisitions and future organic growth opportunities.

Our competitive strengths are subject to a number of risks and competitive challenges. Please read Risk Factors Risks Inherent in Our Ability to Generate Stable and Growing Cash Flows, Business Competitive Strengths and Business Competition.

Risk Factors

An investment in our common units involves risks. You should carefully consider the following risk factors, those other risks described in Risk Factors and the other information in this prospectus, before deciding whether to invest in our common units. The following risks and others are discussed in more detail in Risk Factors.

Risks Inherent in Our Ability to Generate Stable and Growing Cash Flows

Upon the consummation of this offering, our sole cash generating asset will be our Preferred Equity Interest, the distributions on which may not be sufficient following the establishment of cash reserves and payment of costs and expenses, including cost reimbursements to our general partner and its affiliates, to enable us to pay the minimum quarterly distribution to our unitholders.

Our Preferred Equity Interest is non-cumulative.

Table of Contents

An inability to obtain needed capital or financing on satisfactory terms, or at all, could have an adverse effect on our operations and ability to generate cash flow.

We may not be able to obtain financing or successfully negotiate future acquisition opportunities offered by Dominion.

If we make future acquisitions, such acquisitions could adversely affect our business and cash flows.

Our level of indebtedness may increase and reduce our financial flexibility and ability to pay distributions.

Our estimates of Cove Point s financial results have been prepared by management and we have not received an opinion or report on it from any independent registered public accountants, and Cove Point s actual financial results may differ materially from our estimates.

Risks Inherent in Our Investment in Cove Point

Cove Point s revenue is generated by contracts with a limited number of customers, and Cove Point s ability to generate cash required to make payments on our Preferred Equity Interest is substantially dependent upon the performance of these customers under their contracts.

Cove Point is not currently receiving any revenues under its export contracts, and the export contracts may be terminated by Export Customers if certain conditions precedent are not met or for other reasons.

Cove Point s existing revenue streams will be insufficient to pay the full amount of Preferred Return Distributions commencing May 1, 2017.

Various factors could negatively affect the timing or overall development of the Liquefaction Project, which could adversely affect Cove Point s ability to make payments on our Preferred Equity Interest after May 1, 2017.

Cove Point is dependent on Dominion to fund the costs necessary to construct the Liquefaction Project. If Dominion is unwilling or unable to supply the funding necessary to complete the Liquefaction Project, Cove Point may be required to seek additional financing in the future and may not be able to secure such financing on acceptable terms.

The construction of the Liquefaction Project remains subject to further approvals and some approvals may be subject to further conditions, review and/or revocation.

Cove Point s operations are subject to a number of environmental laws and regulations that impose significant compliance costs on Cove Point, and existing and future environmental and similar laws and regulations could result in increased compliance costs or additional operating restrictions.

Certain of Cove Point s operations are subject to the FERC s rate-making policies, which could limit Cove Point s ability to recover the full cost of operating its assets, including earning a reasonable return, and have an adverse effect on Cove Point s ability to make payments on our Preferred Equity Interest.

Risks Inherent in an Investment in Us

Dominion owns and controls our general partner, which has sole responsibility for conducting our business and managing our operations. Our general partner and its affiliates, including Dominion, have conflicts of interest with us and limited duties, and they may favor their own interests to our detriment and that of our unitholders.

The board of directors of our general partner may modify or revoke our cash distribution policy at any time at its discretion. Our partnership agreement does not require us to pay any distributions at all.

Dominion and other affiliates of our general partner may compete with us.

Unitholders 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.

Unitholders will experience immediate and substantial dilution of $ per common unit.

There is no existing market for our common units, and a trading market that will provide you with adequate liquidity may not develop. The price of our common units may fluctuate significantly, and unitholders could lose all or part of their investment.

Unitholders may have liability to repay distributions.

For as long as we are an emerging growth company, we will not be required to comply with certain reporting requirements that apply to other public companies, including those relating to auditing standards and disclosure about our executive compensation.

If we fail to develop or maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential unitholders could lose confidence in our financial reporting, which would harm our business and the trading price of our units.

Tax Risks to Common Unitholders

Our tax treatment depends on our status as a partnership for federal income tax purposes and not being subject to a material amount of entity-level taxation. If the Internal Revenue Service (***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 unitholders would be substantially reduced.

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

Even if unitholders do not receive any cash distributions from us, they will be required to pay taxes on their share of our taxable income.

Management

We are managed and operated by the board of directors and executive officers of our general partner, Dominion Midstream GP, LLC, an indirect wholly-owned subsidiary of Dominion. Dominion will have the right to appoint all members of the board of directors of our general partner, including at least three directors meeting the independence standards established by the New York Stock Exchange (***NYSE***). At least one of our independent directors will be appointed prior to the date our common units are listed for trading on the NYSE. Our unitholders will not be entitled to elect our general partner or its directors or otherwise directly participate in our management or operations. For more information about the executive officers and directors of our general partner, please read Management.

Cove Point s general partner, which will be our wholly-owned subsidiary, will control Cove Point, subject to specified approval rights maintained by Dominion in connection with its ownership of common equity interests in Cove Point. We will manage the business and affairs of Cove Point s general partner.

Our Relationship with Dominion

We view our relationship with Dominion as a significant competitive strength. We believe this relationship will provide us with potential acquisition opportunities from a broad portfolio of existing midstream assets that meet our strategic objectives, as well as access to personnel with extensive technical expertise and industry

Table of Contents

relationships. Dominion will grant us in connection with this offering a right of first offer with respect to any future sale of its common equity interests in Cove Point. We may also acquire newly issued common equity or additional preferred equity interests in Cove Point in the future, provided that any issuances of additional equity interests in Cove Point would require both our and Dominion s approval. Any additional equity interests that we acquire in Cove Point would allow us to participate in the significant growth in cash flows and income expected following the completion of the Liquefaction Project. In addition, acquisition opportunities may arise from future midstream pipeline, terminalling, processing, transportation and storage assets acquired or constructed by Dominion.

Dominion, headquartered in Richmond, Virginia, is one of the nation s largest producers and transporters of energy. Dominion s strategy is to be a leading provider of electricity, natural gas and related services to customers primarily in the eastern region of the U.S. Dominion s portfolio of assets includes approximately 23,600 MW of generating capacity, 10,900 miles of natural gas transmission, gathering and storage pipelines, 21,900 miles of gas distribution pipelines, exclusive of service lines, 6,400 miles of electric transmission lines and 57,000 miles of electric distribution lines. Dominion presently serves utility and retail energy customers in 10 states and operates one of the nation s largest underground natural gas storage systems, with approximately 947 Bcfe of storage capacity. Dominion s portfolio of midstream pipeline, terminalling, processing, transportation and storage assets includes both its indirect ownership interest in Blue Racer, which is described in more detail below, and the assets and operations of Dominion Gas Holdings, LLC. Dominion Gas Holdings, LLC consists of (i) The East Ohio Gas Company d/b/a Dominion East Ohio, a regulated natural gas distribution operation, (ii) DTI, an interstate natural gas transmission pipeline company, and (iii) Dominion Iroquois, Inc. (***Dominion Iroquois***), which holds a 24.72% general partner interest in Iroquois Gas Transmission System L.P.

Blue Racer is a joint venture between Dominion and Caiman Energy II, LLC (***Caiman***), a midstream energy company focused on the design, construction, operation and acquisition of midstream assets. Blue Racer was formed to provide midstream services to natural gas producers operating in the Utica Shale formation in Ohio and portions of Pennsylvania, and is an equal partnership between Dominion and Caiman, with Dominion contributing midstream assets, including both gathering and processing assets, and Caiman contributing up to $800 million in equity capital commitments. Midstream services offered by Blue Racer include gathering, processing, fractionation, and natural gas liquids transportation and marketing. Blue Racer is expected to leverage Dominion s existing presence in the Utica region with significant additional new capacity designed to meet producer needs as the development of the Utica Shale formation increases.

Following the consummation of this offering, Dominion will be our largest unitholder, holding common units (approximately % of all outstanding) and subordinated units (100% of all outstanding), and will own our general partner and 100% of our IDRs. As a result of its significant ownership interests in us, we believe Dominion will be motivated to support the successful execution of our business strategies and will provide us with acquisition opportunities, although it is under no obligation to do so. Dominion views us as a significant part of its growth strategy, and we believe that Dominion will be incentivized to contribute or sell additional assets to us and to pursue acquisitions jointly with us in the future although it is under no obligation to do so and we are under no obligation to undertake any such acquisition opportunities. However, Dominion will regularly evaluate acquisitions and dispositions and may, subject to compliance with our right of first offer with respect to Cove Point and Blue Racer, elect to acquire or dispose of assets in the future without offering us the opportunity to participate in those transactions. Moreover, following the consummation of this offering, Dominion will continue to be free to act in a manner that is beneficial to its interests without regard to ours, which may include electing not to present us with future acquisition opportunities. Please read Conflicts of Interest and Fiduciary Duties.

Table of Contents

Summary of Conflicts of Interest and Fiduciary Duties

Our general partner has a contractual duty to manage us in a manner that it believes is not adverse to our interest. However, the officers and directors of our general partner also have duties to manage our general partner in a manner beneficial to Dominion, the owner of our general partner. Dominion and its affiliates are not prohibited from engaging in other business activities, including those that might be in direct competition with us. In addition, Dominion may compete with us for investment opportunities and may own an interest in entities that compete with us. As a result, conflicts of interest may arise in the future between us or our unitholders, on the one hand, and Dominion and our general partner, on the other hand.

Our partnership agreement limits the liability of, and replaces the fiduciary duties that would otherwise be owed by, our general partner to our unitholders. Our partnership agreement also restricts the remedies available to our unitholders for actions that might otherwise constitute a breach of duties by our general partner or its directors or officers. Our partnership agreement also provides that affiliates of our general partner, including Dominion and Blue Racer, are not restricted in competing with us and have no obligation to present business opportunities to us. By purchasing a common unit, the purchaser agrees to be bound by the terms of our partnership agreement, and each unitholder is treated as having consented to various actions and potential conflicts of interest contemplated in the partnership agreement that might otherwise be considered a breach of fiduciary or other duties under Delaware law.

For a more detailed description of the conflicts of interest and duties of our general partner and its directors and officers, please read Conflicts of Interest and Fiduciary Duties. For a description of other relationships with our affiliates, please read Certain Relationships and Related Transactions.

Principal Executive Offices

Our principal executive offices are located at 120 Tredegar Street, Richmond, Virginia 23219, and our telephone number is (804) 819-2000. Our website address will be *http://www.dommidstream.com*. We intend to make our periodic reports and other information filed with or furnished to the United States Securities and Exchange Commission (the ***SEC***) available, free of charge, through our website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

Emerging Growth Company Status

We are an emerging growth company as defined in the Jumpstart Our Business Startups Act (the ***JOBS Act***). For as long as we are an emerging growth company, unlike other public companies, we will not be required to:

- provide three years of audited financial statements and management s discussion and analysis of financial conditions and results of operations;
- provide five years of selected financial data;
- 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 (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 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:

- when we have $1.0 billion or more in annual revenues;
- when we have at least $700 million in market value of our common units held by non-affiliates;
- when 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 this offering.

In addition, Section 107 of the JOBS Act also 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 for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we are choosing to opt out of such extended transition period and, as a result, will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

Formation Transactions and Partnership Structure

We are a Delaware limited partnership formed on March 11, 2014 by Dominion to own and hold the Preferred Equity Interest and the general partner interest in Cove Point.

In connection with the closing of this offering, the following will occur:

- Dominion will contribute the general partner interest in Cove Point and a portion of the Preferred Equity Interest to us, and we will contribute such interests to our wholly-owned subsidiary, Cove Point GP Holding Company, LLC (***Cove Point Holdings***);
- as consideration for the contributions described in the preceding bullet point, we will:

- issue to our general partner the IDRs, which entitle the holder to increasing percentages, up to a maximum of 50.0%, of the cash we distribute in excess of $ per unit per quarter;
- issue to Dominion common units and subordinated units (which does not include any common units that may be issued to Dominion if the underwriters do not exercise their option in full or at all to purchase additional common units); and
- agree to issue to Dominion any common units not purchased by the underwriters pursuant to their option to purchase additional common units and distribute to Dominion the net proceeds of any common units purchased by the underwriter pursuant to such option, each as described below;

we will receive gross proceeds of $ million from the issuance and sale of common units to the public at an assumed initial offering price of $ per common unit;

we will use $ million of the proceeds from this offering to pay underwriting discounts, a structuring fee totaling $ million and estimated offering expenses of $ million;

we will use $ million of the proceeds from this offering to make, through Cove Point Holdings, a contribution to Cove Point in exchange for the remaining portion of the Preferred Equity Interest; and

we will enter into a new $300 million credit facility with Dominion, which will be undrawn at the closing of this offering. Please read Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Outstanding Indebtedness; Dominion Credit Facility.

We have granted the underwriters a 30-day option to purchase up to an aggregate of additional common units. Any net proceeds received from the exercise of this option will be distributed to Dominion. If the underwriters do not exercise this option in full or at all, the common units that would have been sold to the underwriters had they exercised the option in full will be issued to Dominion (as partial consideration for the contribution of a portion of the Preferred Equity Interest) at the expiration of the option period. Accordingly, the exercise of the underwriters option will not affect the total number of common units outstanding.

Organizational Structure

The following diagram depicts Dominion Midstream s simplified organizational and ownership structure immediately after giving effect to this offering.

Table of Contents

Dominion Midstream	
Public Common Units	%[1]
Interests of Dominion:	
Common Units	%[1]
Subordinated Units	%
General Partner Interest	0.0%[2]
Incentive Distribution Rights	[3]
	100.0%

(1) Assumes the underwriters do not exercise their option to purchase additional common units and such additional common units are issued to Dominion.

(2) Our general partner owns a non-economic general partner interest in us. Please read How We Make Distributions to Our Partners General Partner Interest.

(3) IDRs represent a variable interest in distributions and thus are not expressed as a fixed percentage. Please read How We Make Distributions to Our Partners Incentive Distribution Rights. Distributions with respect to the IDRs will be classified as distributions with respect to equity interests. IDRs will be issued to our general partner, which is wholly-owned by Dominion.

Table of Contents

The Offering

Common units offered to the public	common units.
	common units if the underwriters exercise their option to purchase additional common units in full.
Units outstanding after this offering	common units and subordinated units for a total of limited partner units. The exercise of the underwriters option will not affect the total number of common units outstanding. Please read Formation Transactions and Partnership Structure.
Use of proceeds	We intend to use the estimated net proceeds of approximately $ million from this offering (based on an assumed initial offering price of $ per common unit, the mid-point of the price range set forth on the cover page of this prospectus), after deducting the estimated underwriting discounts, structuring fee of $ paid to Barclays Capital Inc. and Citigroup Global Markets Inc., and offering expenses, to make, through Cove Point Holdings, a contribution to Cove Point in exchange for a portion of the Preferred Equity Interest.
	If the underwriters exercise their option to purchase additional common units in full, the additional net proceeds will be approximately $ million (based on an assumed initial offering price of $ per common unit, the mid-point of the price range set forth on the cover page of this prospectus). The net proceeds from any exercise of such option will be used to make a distribution to Dominion. Please read Use of Proceeds.
Cash distributions	Within 60 days after the end of each quarter, we expect to make a cash distribution to holders of our common units and subordinated units. We expect to make a minimum quarterly distribution of $ per common unit and subordinated unit ($ per common unit and subordinated unit on an annualized basis) to the extent we have sufficient cash after the establishment of cash reserves and the payment of fees and expenses, including payments to our general partner and its affiliates. For the first quarter that we are publicly traded, we will pay a prorated distribution covering the period after the consummation of this offering through , 2014 based on the actual length of that period.
	The board of directors of our general partner will adopt a policy pursuant to which distributions for each quarter will be paid to the extent we have

sufficient cash after establishment of cash reserves and payment of fees and expenses, including payments to our general partner and its affiliates. Our ability to pay the minimum quarterly distribution is subject to various restrictions and other factors described in more detail under the caption Cash Distribution Policy and Restrictions on Distributions.

Table of Contents

Our partnership agreement generally provides that we will distribute cash each quarter during the subordination period in the following manner:

first, to the holders of common units, until each common unit has received the minimum quarterly distribution of $ plus any arrearages from prior quarters;

second, to the holders of subordinated units, until each subordinated unit has received the minimum quarterly distribution of $; and

third, to all the holders of common and subordinated units, pro rata, until each has received a distribution of $.

If cash distributions to our unitholders exceed $ per unit on all common and subordinated units in any quarter, our unitholders and our general partner, as the holder of our IDRs, will receive distributions according to the following percentage allocations:

Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions: Unitholders	General Partner (as holder of IDRs)
above $ up to $	85.0%	15.0%
above $ up to $	75.0%	25.0%
above $ up to $	50.0%	50.0%

We refer to the additional increasing distributions to our general partner as ***incentive distributions.*** Please read How We Make Distributions to Our Partners Incentive Distribution Rights.

The amount of pro forma distributable cash flow generated during each of the year ended December 31, 2013 and the twelve months ended June 30, 2014 would have been sufficient to allow us to pay the full minimum quarterly distribution on all common units and subordinated units.

We believe that, based on our estimated distributable cash flow as described under the caption Cash Distribution Policy and Restrictions on

Distributions, we will have sufficient distributable cash flow to pay the minimum quarterly distribution of $ per unit on all common and subordinated units for the twelve months ending September 30, 2015.

However, we do not have a legal or contractual obligation to pay distributions quarterly or on any other basis or at the minimum quarterly distribution rate or at any other rate, and there is no guarantee that we will pay distributions to our unitholders in any quarter. Please read Cash Distribution Policy and Restrictions on Distributions.

Subordinated units	Dominion will initially own 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 from operating surplus for such quarter plus any arrearages in the payment of the minimum quarterly distribution from prior quarters. Subordinated units will not accrue arrearages.
Conversion of subordinated units	The subordination period will end if we satisfy any one of three tests set forth in our partnership agreement. The three tests are as follows:
	(1) (i) we earn and pay aggregate amounts equal to at least the minimum quarterly distribution on the outstanding common and subordinated units for three consecutive, non-overlapping four-quarter periods, commencing with the three four-quarter periods ending June 30, 2018, and (ii) there are no outstanding arrearages on our common units;
	(2) (i) the Liquefaction Project commences commercial service, (ii) we earn and pay aggregate amounts equal to at least the minimum quarterly distribution on the outstanding common and subordinated units for each of the two consecutive, non-overlapping four-quarter periods ending on December 31, 2016, (iii) for each completed quarter commencing after December 31, 2016, we pay aggregate amounts equal to at least the minimum quarterly distribution on the outstanding common and subordinated units, and (iv) there are no outstanding arrearages on our common units; and
	(3) (i) we earn and pay an aggregate amount of at least 150% of the minimum quarterly distribution on the outstanding common and subordinated units and we earn the related distribution on the IDRs, for any four-quarter period commencing with the four-quarter period ending June 30, 2018, and (ii) there are no outstanding arrearages on our common units.
	When the subordination period ends, all subordinated units will convert into common units on a one-for-one basis, and all common units will thereafter no longer be entitled to arrearages.
General partner s right to reset the target distribution levels	Our general partner, as the initial holder of our IDRs, will have the right, at any time when there are no subordinated units outstanding and we have made distributions at or above 150% of the minimum quarterly

distribution for the prior four consecutive whole fiscal quarters, to reset the initial target distribution levels at higher levels based on our cash distributions at the time of the exercise of the reset election. If our general partner transfers all or a portion of our IDRs in the future, then the holder or holders of a majority of our IDRs will be entitled to exercise this right. Following a reset election, the minimum

	quarterly distribution will be adjusted to equal the distribution for the quarter immediately preceding the reset, and the target distribution levels will be reset to correspondingly higher levels based on the same percentage increases above the reset minimum quarterly distribution as the initial target distribution levels were above the minimum quarterly distribution.
	If the target distribution levels are reset, the holders of our IDRs will be entitled to receive common units. The number of common units to be issued will equal the number of common units that would have entitled the holders of our IDRs to an aggregate quarterly cash distribution for the quarter prior to the reset election equal to the distribution on the IDRs for the quarter prior to the reset election. Please read How We Make Distributions to Our Partners IDR Holders Right to Reset Incentive Distribution Levels.
Issuance of additional units	Our partnership agreement authorizes us to issue an unlimited number of additional units without the approval of our unitholders. Please read Units Eligible for Future Sale and The Partnership Agreement Issuance of Additional Interests.
Limited voting rights	Our general partner will manage and operate us. Unlike the holders of common stock in a corporation, our unitholders will have only limited voting rights on matters affecting our business. Our unitholders will have no right to elect our general partner or its directors on an annual or other continuing basis. Our general partner may not be removed except by a vote of the holders of at least 66 $\frac{2}{3}$% of the outstanding units, including any units owned by our general partner and its affiliates, voting together as a single class. Upon consummation of this offering, Dominion will own an aggregate of % of our outstanding units (or % of our outstanding units, if the underwriters exercise their option to purchase additional common units in full). This will give Dominion the ability to prevent the removal of our general partner. In addition, any vote to remove our general partner during the subordination period must provide for the election of a successor general partner by the holders of a majority of the common units and a majority of the subordinated units, voting as separate classes. This will provide Dominion the ability to prevent the removal of our general partner. Please read The Partnership Agreement Voting Rights.
Limited call right	If at any time our general partner and its affiliates own more than 80% of the outstanding common units, our general partner has the right, but not the obligation, to purchase all of the remaining common units at a price equal to the greater of (1) 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 limited call right is first mailed and (2) 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. Please read The Partnership Agreement Limited Call Right.

Table of Contents

Eligible Holders and redemption	Only Eligible Holders are entitled to own our units and to receive distributions or be allocated income or loss from us. Eligible Holders are individuals or entities whose U.S. federal income tax status (or lack of proof thereof) does not, in the determination of our general partner, create a substantial risk of an adverse effect on the rates that can be charged to our or Cove Point s customers with respect to assets that are subject to regulation by the FERC or a similar regulatory body.
	We have the right (which we may assign to any of our affiliates), but not the obligation, to redeem all of the common units of any holder that is not an Eligible Holder or that has failed to certify or has falsely certified that such holder is an Eligible Holder. The purchase price for such redemption would be equal to the lesser of the holder s purchase price and the then-current market price of the units. The redemption price will be paid in cash or by delivery of a promissory note, as determined by our general partner.
	Please read Description of the Common Units Transfer of Common Units and The Partnership Agreement Non-Taxpaying Holders; Redemption.
Estimated ratio of taxable income to distributions	We estimate that if you own the common units you purchase in this offering through the record date for distributions for the period ending December 31, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be less than % of the cash distributed to you with respect to that period. For example, if you receive an annual distribution of $ per common unit, we estimate that your average allocable federal taxable income per year will be no more than approximately $ per common unit. Thereafter, the ratio of allocable taxable income to cash distributions to you could substantially increase. Please read Material U.S. Federal Income Tax Consequences Tax Consequences of Unit Ownership for the basis of this estimate.
Material U.S. federal income tax consequences	For a discussion of the material U.S. federal income tax consequences that may be relevant to prospective unitholders who are individual citizens or residents of the U.S., please read Material U.S. Federal Income Tax Consequences.
Directed Unit Program	At our request, the underwriters have reserved up to 5% of the common units offered hereby for sale at the initial public offering price for officers, directors, employees and certain other persons associated with us and our general partner. For further information regarding our directed unit program, please read Underwriting.

Exchange listing	We have been approved to list our common units on the NYSE under the symbol DM.

Table of Contents

Summary Historical and Pro Forma Financial Data

Dominion Midstream was formed on March 11, 2014 and, upon the consummation of this offering, we will own the Preferred Equity Interest and the general partner interest in Cove Point through our wholly-owned subsidiary, Cove Point Holdings. Our only business will consist of owning the Preferred Equity Interest and the general partner interest in Cove Point, and, accordingly, our results of operations and financial condition will be dependent on the performance of Cove Point.

Dominion Midstream does not have historical financial statements. Therefore, in this prospectus we present the historical financial statements of Cove Point as our predecessor. The following table presents summary historical financial data of Cove Point and summary pro forma financial data of Dominion Midstream as of the dates and for the periods indicated.

The summary historical financial data presented at and for the years ended December 31, 2013 and 2012 is derived from the audited historical financial statements of Cove Point that are included elsewhere in this prospectus. The summary historical financial data presented at June 30, 2014 and for the six months ended June 30, 2014 and 2013 is derived from the unaudited historical financial statements of Cove Point that are included elsewhere in this prospectus.

For a detailed discussion of the summary historical financial information contained in the following table, please read Management s Discussion and Analysis of Financial Condition and Results of Operations. The following table should also be read in conjunction with Use of Proceeds, Business Our Relationship with Dominion and the audited and unaudited historical financial statements of Cove Point and our unaudited pro forma combined financial statements included elsewhere in this prospectus. Among other things, the historical and unaudited pro forma financial statements include more detailed information regarding the basis of presentation for the information in the following table.

The summary pro forma financial data is presented at June 30, 2014, for the year ended December 31, 2013 and for the six months ended June 30, 2014 and is derived from our unaudited pro forma combined financial statements included elsewhere in this prospectus. Our unaudited pro forma combined financial statements give pro forma effect to the following transactions:

- Dominion will contribute the general partner interest in Cove Point and a portion of the Preferred Equity Interest to us, and we will contribute both interests to our wholly-owned subsidiary, Cove Point Holdings;

- we will issue to our general partner the IDRs, which entitle the holder to increasing percentages, up to a maximum of 50.0%, of the cash we distribute in excess of $ per unit per quarter;

- we will issue to Dominion common units and subordinated units;

- we will receive gross proceeds of $ million from the issuance and sale of common units to the public at an assumed initial offering price of $ per common unit;

we will use $ million of the proceeds from this offering to pay underwriting discounts, a structuring fee totaling $ million and estimated offering expenses of $ million;

we will use $ million of the proceeds from this offering to make, through Cove Point Holdings, a contribution to Cove Point in exchange for the remaining portion of the Preferred Equity Interest; and

we will enter into a new $300 million credit facility with Dominion, which will be undrawn at the closing of this offering. Please read Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Outstanding Indebtedness; Dominion Credit Facility.

Table of Contents

The contribution by Dominion to Dominion Midstream of the general partner interest in Cove Point and a portion of the Preferred Equity Interest is considered to be a reorganization of entities under common control. As a result, Dominion Midstream will own the general partner of and control Cove Point and, as such, will consolidate Cove Point. Upon consolidation, Cove Point s assets and liabilities will be recognized in Dominion Midstream s consolidated financial statements at Dominion s historical cost. The unaudited pro forma combined balance sheet at June 30, 2014 gives effect to these transactions as if they had been completed on June 30, 2014. The unaudited pro forma combined statements of income for the year ended December 31, 2013 and for the six months ended June 30, 2014 gives effect to these transactions as if they had been completed on January 1, 2013.

The summary historical and pro forma financial data should be read in conjunction with, and is qualified in its entirety by reference to, the financial statements and related notes from which they are derived included elsewhere in this prospectus.

Pro forma net income per limited partner unit is determined by dividing pro forma net income by the number of units expected to be outstanding at the closing of this offering. All units were assumed to have been outstanding since January 1, 2013. Basic and diluted pro forma net income per unit are equivalent as there are no dilutive units at the date of closing of this offering.

We have not given pro forma effect to incremental general and administrative expenses of approximately $2.0 million that we expect to incur annually as a result of operating as a publicly traded partnership, such as expenses 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 insurance expenses; and director compensation expenses.

Our general partner will not receive a management fee or other compensation for its management of our partnership, but our financial results will reflect our obligation to reimburse our general partner and its affiliates for all expenses incurred and payments made on our behalf. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform various general, administrative and support services for us or on our behalf, and corporate overhead costs and expenses allocated to us by Dominion. Our partnership agreement provides that our general partner will determine the costs and expenses that are allocable to us. We estimate that such costs and expenses would have been approximately $1.0 million and $0.5 million for the year ended December 31, 2013 and for the six months ended June 30, 2014, respectively.

Table of Contents

The following table presents the financial measures of EBITDA and Adjusted EBITDA, which we use in our business as important supplemental measures of our performance. EBITDA and Adjusted EBITDA are not calculated or presented in accordance with accounting principles generally accepted in the U.S. (***GAAP***). EBITDA represents net income including non-controlling interest before interest and related charges, income tax and depreciation and amortization, and Adjusted EBITDA represents EBITDA after adjustment for a non-controlling interest in Cove Point held by Dominion. We explain these measures under Non-GAAP Financial Measures in the table below and reconcile them to their most directly comparable financial measure calculated and presented in accordance with GAAP.

	Cove Point (Predecessor) Historical				Dominion Midstream Pro Forma	
	Year Ended December 31,		Six Months Ended June 30,		Year Ended December 31,	Six Months Ended June 30,
	2013	2012	2014	2013	2013	2014
	(in millions, except per unit information)					
Statement of Income Data:						
Operating Revenue	$ 343.5	$ 293.0	$ 180.1	$ 171.8	$ 343.5	$ 180.1
Operating Expenses						
Purchased gas	91.7	48.8	53.1	47.4	91.7	53.1
Other operations and maintenance						
Affiliated suppliers	7.7	7.0	3.9	3.9	7.7	3.9
Other	20.2	20.2	17.3	10.1	20.2	17.3
Depreciation and amortization	31.7	33.3	15.7	16.1	31.7	15.7
Other taxes	21.1	20.5	11.1	10.1	21.1	11.1
Total operating expenses	172.4	129.8	101.1	87.6	172.4	101.1
Income from operations	171.1	163.2	79.0	84.2	171.1	79.0
Interest and related charges		0.1				
Income from operations before income tax expense	171.1	163.1	79.0	84.2	171.1	79.0
Income tax expense	61.7	65.9	30.2	28.6		
Net income including non-controlling interest	$ 109.4	$ 97.2	$ 48.8	$ 55.6	$ 171.1	$ 79.0
Non-controlling interest(1)					121.1	54.0
Net income attributable to Dominion Midstream					$ 50.0	$ 25.0

Pro forma net income per limited partner unit:						
Common unit						
Subordinated unit						
Statement of Cash Flow Data:						
Net cash provided by (used in):						
Operating activities	$ 136.2	$ 154.9	$ 66.2	$ 65.5		
Investing activities	(294.8)	(51.3)	(222.6)	(79.5)		
Financing activities	169.8	(103.6)	145.2	14.0		
Other Financial Data:						
EBITDA(2)	$ 202.8	$ 196.5	$ 94.7	$ 100.3	$ 202.8	$ 94.7
Adjusted EBITDA(2)					50.0	25.0
Capital expenditures(3)	294.6	51.1	222.3	79.4		
Balance Sheet Data (at period end):						
Cash and cash equivalents	$ 11.2	$	$			
Total assets	1,498.2	1,213.5	1,714.9			
Total liabilities	226.2	515.0	228.9			
Total parent net equity/partners capital	1,272.0	698.5	1,486.0			
Partners capital attributable to Dominion Midstream						

(1) Represents interest in Cove Point attributable to Dominion.
(2) For more information, please read Non-GAAP Financial Measures below.
(3) For the years ended December 31, 2013, and 2012, reflects $7.8 million, and $8.1 million, respectively, of maintenance capital expenditures on the Cove Point LNG Facility and the Cove Point Pipeline to maintain Cove Point s long-term operating capacity and operating income; and $286.8 million, and $43.0 million, respectively, of expansion capital expenditures, primarily for the Liquefaction Project, made to increase Cove Point s long-term operating capacity and operating income. For the six months ended June 30, 2014, and 2013, reflects $7.2 million, and $4.2 million, respectively, of maintenance capital expenditures on the Cove Point LNG Facility and Cove Point Pipeline to maintain Cove Point s long-term operating capacity and operating income; and $215.1 million, and $75.2 million, respectively, of expansion capital expenditures, primarily for the Liquefaction Project, made to increase Cove Point s long-term operating capacity and operating income. Dominion has indicated that it intends to provide the funding necessary for the maintenance and expansion capital expenditures for both the existing Cove Point LNG Facility and Cove Point Pipeline and the Liquefaction Project, but it is under no obligation to do so. Please read How We Make Distributions to Our Partners Capital Expenditures.

Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA

EBITDA represents net income including non-controlling interest before interest and related charges, income tax and depreciation and amortization, and Adjusted EBITDA represents EBITDA after adjustment for a non-controlling interest in Cove Point held by Dominion. These are used as supplemental financial measures by our management and by external users of our financial statements, such as investors and securities analysts, to assess:

- the financial performance of our assets without regard to financing methods, capital structure or historical cost basis;
- the ability of our assets to generate cash sufficient to pay interest on our indebtedness, if any, and to make distributions; and
- our operating performance and return on invested capital as compared to those of other publicly traded companies that own energy infrastructure assets, without regard to their financing methods and capital structure.

EBITDA and Adjusted EBITDA should not be considered an alternative to net income, operating income, cash flow from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. EBITDA and Adjusted EBITDA exclude some, but not all, items that affect net income and operating income, and these measures may vary among other companies. Therefore, EBITDA and Adjusted EBITDA as presented may not be comparable to similarly titled measures of other companies.

24

Table of Contents

The following table presents a reconciliation of EBITDA and Adjusted EBITDA to the most directly comparable GAAP financial measure, on a historical basis and pro forma basis, as applicable, for each of the periods indicated.

	Cove Point (Predecessor) Historical				Dominion Midstream Pro Forma	
	Year Ended December 31,		Six Months Ended June 30,		Year Ended December 31,	Six Months Ended June 30,
	2013	2012	2014	2013	2013	2014
	(in millions)					
Adjustments to reconcile net income including non-controlling interest to EBITDA and Adjusted EBITDA:						
Net income including non-controlling interest:	$ 109.4	$ 97.2	$ 48.8	$ 55.6	$ 171.1	$ 79.0
Add:						
Depreciation and amortization	31.7	33.3	15.7	16.1	31.7	15.7
Interest and related charges		0.1				
Income tax expense	61.7	65.9	30.2	28.6		
EBITDA	$ 202.8	$ 196.5	$ 94.7	$ 100.3	$ 202.8	$ 94.7
Less:						
Adjusted EBITDA attributable to non-controlling interest[1]					152.8	69.7
Adjusted EBITDA					$ 50.0	$ 25.0

(1) Represents interest in Cove Point attributable to Dominion.

Table of Contents

RISK FACTORS

Our common units representing limited partner interests are inherently different from the capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in a similar business. You should carefully consider the following risk factors together with all of the other information included in this prospectus 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 distributable cash flow could be materially adversely affected. In that case, we might not be able to make distributions on our common units, the trading price of our common units could decline, and you could lose all or part of your investment.

Risks Inherent in Our Ability to Generate Stable and Growing Cash Flows

Upon the consummation of this offering, our sole cash generating asset will be our Preferred Equity Interest, the distributions on which may not be sufficient following the establishment of cash reserves and payment of costs and expenses, including cost reimbursements to our general partner and its affiliates, to enable us to pay the minimum quarterly distribution to our unitholders.

Upon the consummation of this offering, our only source of cash will be distributions we receive from Cove Point on our Preferred Equity Interest, which we expect will result in an annual payment to us of $50.0 million. Our Preferred Equity Interest may not generate sufficient cash from operations following the establishment of cash reserves and payment of costs and expenses, including cost reimbursements to our general partner and its affiliates, to enable us to pay the minimum quarterly distribution to our unitholders. In order to pay the full amount of our minimum quarterly distribution of $ per unit, or $ per unit per year, we will be required to have distributable cash flow of approximately $ million per quarter, or $ million per year, based on the number of common and subordinated units that will be outstanding after the completion of this offering. Upon the consummation of this offering, the amount of cash we can distribute on our common and subordinated units is almost entirely dependent upon Cove Point s ability to generate cash and Net Operating Income from its operations. Due to our lack of asset diversification, an adverse development at Cove Point would have a significantly greater impact on our financial condition and results of operations than if we maintained a more diverse portfolio of assets. Cove Point s ability to make payments on our Preferred Equity Interest will depend on several factors beyond our control, some of which are described below.

For a description of additional restrictions and factors that may affect our ability to pay cash distributions, please read Cash Distribution Policy and Restrictions on Distributions.

Our Preferred Equity Interest is non-cumulative.

Cove Point will make Preferred Return Distributions on a quarterly basis provided it has sufficient cash and undistributed Net Operating Income (determined on a cumulative basis from the closing of this offering) from which to make Preferred Return Distributions. Preferred Return Distributions are non-cumulative. In the event Cove Point is unable to fully satisfy Preferred Return Distributions during any quarter, we will not have a right to recover any missed or deficient payments.

An inability to obtain needed capital or financing on satisfactory terms, or at all, could have an adverse effect on our operations and ability to generate cash flow.

Upon the commencement of this offering, we are dependent on our credit facility with Dominion for any borrowings necessary to meet our working capital and other financial needs. If Dominion s funding resources were to become unavailable to Dominion, our access to funding would also be in jeopardy. In the future, an inability to obtain additional financing from other sources on acceptable terms could negatively affect our financial condition, cash flows, anticipated financial results or impair our ability to generate additional cash flows. Our ability to obtain bank financing or to access the capital markets for future debt or equity offerings may be limited by our financial condition at the time of any such financing or offering, the covenants contained in any other credit facility or other debt agreements in place at the time, adverse market conditions or other contingencies and uncertainties that are beyond our control. Our failure to obtain the funds necessary to maintain, develop and increase our asset base could adversely impact our growth and profitability.

If we do not make acquisitions on economically acceptable terms, our future growth and our ability to increase distributions to our unitholders will be limited.

Our ability to grow depends on our ability to make accretive acquisitions either from Dominion or third-parties, and we may be unable to do so for any of the following reasons, without limitation:

- we are unable to identify attractive acquisition candidates or negotiate acceptable purchase contracts with them;
- we are unable to obtain or maintain necessary governmental approvals;
- we are unable to obtain financing for the acquisitions or future organic growth opportunities on acceptable terms, or at all;
- we are unable to secure adequate customer commitments to use the future facilities;
- we are outbid by competitors; or
- Dominion may not offer us the opportunity to acquire assets or equity interests from it.

We may not be able to obtain financing or successfully negotiate future acquisition opportunities offered by Dominion.

If Dominion does offer us the opportunity to purchase additional equity interests in Cove Point or interests in Blue Racer, or other assets or equity interests, we may not be able to successfully negotiate a purchase and sale agreement and related agreements, we may not be able to obtain any required financing on acceptable terms or at all for such purchase and we may not be able to obtain any required governmental and third-party consents. The decision whether or not to accept such offer, and to negotiate the terms of such offer, will be made by our general partner consistent with its duties under our partnership agreement. Our general partner may decline the opportunity to accept such offer for a variety of reasons, including a determination that the acquisition of the assets at the proposed purchase price would result in a risk that the conversion of subordinated units would not occur.

If we make future acquisitions, such acquisitions could adversely affect our business and cash flows.

If we make any acquisitions, they will involve potential risks, including:

an inability to integrate successfully the businesses that we acquire with our existing operations;

a decrease in our liquidity by using a significant portion of our available cash or borrowing capacity to finance the acquisition;

the assumption of unknown liabilities;

limitations on rights to indemnity from the seller;

mistaken assumptions about the cash generated, or to be generated, by the business acquired or the overall costs of equity or debt;

the diversion of management s attention from other business concerns; and

unforeseen difficulties encountered in operating new business segments or in new geographic areas.

Table of Contents

If we consummate any future acquisitions, our capitalization and results of operations may change significantly, and our unitholders will not have the opportunity to evaluate the economic, financial and other relevant information that we will consider in determining the application of our future funds and other resources.

Our level of indebtedness may increase and reduce our financial flexibility and ability to pay distributions.

At the consummation of this offering, we will not have any outstanding indebtedness and will have an undrawn borrowing capacity of $300 million under a credit facility with Dominion. We may borrow under such facility to pursue acquisitions and future organic growth opportunities, or to otherwise meet our financial needs. Although such credit facility will not contain any financial tests and covenants that we must satisfy as a condition to making distributions, we will be required to pay any amounts then due and payable under such agreement prior to making any distributions to you, notwithstanding our stated cash distribution policy. Also, while such credit facility will only contain limited representations, warranties and ongoing covenants consistent with other credit facilities made available by Dominion to certain of its other affiliates, we will be required to obtain Dominion s consent prior to creating any mortgage, security interest, lien or other encumbrance outside the ordinary course of business on any of our property, assets or revenues during the term of such agreement. Failure to obtain any such consent from Dominion in the future could have an adverse impact on our ability to implement our business strategies, generate revenues and pay distributions to our unitholders.

In the future, we may incur additional significant indebtedness pursuant to other credit facilities or similar arrangements in order to make future acquisitions or to develop our assets. As amounts under any indebtedness we incur become due and payable, we expect that the instruments pursuant to which such indebtedness is incurred will require that we repay such amounts prior to making any distributions to our unitholders. We also expect that such instruments may contain financial tests and covenants that are not present in our initial credit facility with Dominion that we would need to satisfy as a condition to making distributions. Should we be unable to satisfy any such restrictions, we will be prohibited from making cash distributions to you notwithstanding our stated cash distribution policy.

Our level of indebtedness could affect our ability to generate stable and growing cash flows in several ways, including the following:

- a significant portion of our cash flows could be used to service our indebtedness;

- the covenants contained in the agreements governing our future indebtedness may limit our ability to borrow additional funds, dispose of assets, pay distributions and make certain investments;

- our debt covenants may also affect our flexibility in planning for, and reacting to, changes in the economy and in our industry;

- a high level of debt would increase our vulnerability to general adverse economic and industry conditions;

a high level of debt may place us at a competitive disadvantage compared to our competitors that are less leveraged and therefore may be able to take advantage of opportunities that our indebtedness would prevent us from pursuing; and

a high level of debt may impair our ability to obtain additional financing in the future for working capital, capital expenditures, debt-service requirements, acquisitions, general partnership or other purposes.

In addition, borrowings under our credit facility with Dominion and other credit facilities we or our subsidiaries may enter into in the future may bear interest at variable rates. If market interest rates increase, such variable-rate debt will create higher debt-service requirements, which could adversely affect our cash flow.

In addition to our debt-service obligations, our future operations may require substantial investments on a continuing basis. Our ability to make scheduled debt payments, to refinance our obligations with respect to our indebtedness and to fund capital and non-capital expenditures necessary to maintain the condition of our operating assets, properties and systems software, as well as to provide capacity for the growth of our business, depends on our financial and operating performance. General economic conditions and financial, business and other factors affect our operations and our future performance. Many of these factors are beyond our control. We may not be able to generate sufficient cash flows to pay the interest on our debt, and future working capital, borrowings or equity financing may not be available to pay or refinance such debt.

Cost and expense reimbursements owed to our general partner and its affiliates will reduce the amount of distributable cash flow to our unitholders.

Our general partner will not receive a management fee or other compensation for its management of our partnership, but we will be obligated to reimburse our general partner and its affiliates for all expenses incurred and payments made on our behalf. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform various general, administrative and support services for us or on our behalf, and corporate overhead costs and expenses allocated to us by Dominion. Our partnership agreement provides that our general partner will determine the costs and expenses that are allocable to us and does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. The payment of fees to our general partner and its affiliates and the reimbursement of expenses could adversely affect our ability to pay cash distributions to our unitholders.

Our estimates of Cove Point s financial results have been prepared by management and we have not received an opinion or report on it from any independent registered public accountants, and Cove Point s actual financial results may differ materially from our estimates.

Our estimates of Cove Point s financial results have been prepared by management, and we have not received an opinion or report on them from any independent registered public accountants or other independent advisers. The assumptions underlying our estimates of Cove Point s financial results are subject to business, economic and financial uncertainties that could cause Cove Point s financial results to differ from our estimates. Please read Cash Distribution Policy and Restrictions on Distributions.

Risks Inherent in Our Investment in Cove Point

Cove Point s revenue is generated by contracts with a limited number of customers, and Cove Point s ability to generate cash required to make payments on our Preferred Equity Interest is substantially dependent upon the performance of these customers under their contracts.

Cove Point provides service to eighteen customers, including four local distribution companies, eleven marketers or end users and the Import Shippers. The three largest customers comprised approximately 94% and 93% of the total transportation and storage revenues for the year ended December 31, 2013 and 2012, respectively, with Cove Point s largest customer representing approximately 72% of such amounts in each year. Because Cove Point has a small number of customers, its contracts subject it to counterparty risk. The ability of each of Cove Point s customers to perform their obligations to Cove Point will depend on a number of factors that are beyond our control. Cove Point s future results and liquidity are substantially dependent upon the performance of these customers under their contracts, and on such customers continued willingness and ability to perform their contractual obligations. Cove Point is also exposed to the credit risk of any guarantor of these customers obligations under their respective agreements in the event that Cove Point must seek recourse under a guaranty. Any such credit support may not be sufficient to satisfy the obligations in the event of a counterparty default. In addition, if a controversy arises under an agreement resulting in a judgment in Cove Point s favor where the counterparty has limited assets in the U.S. to satisfy such judgment, Cove Point may need to seek to enforce a final U.S. court judgment in a foreign tribunal, which could involve a lengthy process. Upon the expiration of Cove Point s import contracts, we expect these contracts will not be renewed.

Cove Point s contracts may become subject to termination or force majeure provisions under certain circumstances that, if triggered for any reason, could have an adverse effect on Cove Point and its ability to make

29

payments on our Preferred Equity Interest. In the event any of Cove Point s customers becomes entitled to terminate its further contractual obligations to Cove Point and exercises such right, such termination could have a material adverse effect on Cove Point s business, financial condition, operating results, cash flow, liquidity and prospects, which could have an adverse impact on Cove Point s ability to pay the Preferred Return Distributions.

Cove Point is not currently receiving any revenues under its export contracts, and the export contracts may be terminated by Export Customers if certain conditions precedent are not met or for other reasons.

Cove Point s agreements with the Export Customers, while executed, will not begin generating revenues for Cove Point prior to the completion of the Liquefaction Project. In addition, the Export Customers may become entitled to terminate, or be relieved from, their contractual obligations to Cove Point under certain circumstances, including: (i) failure of certain conditions precedent to be met or waived by specified dates; (ii) the occurrence and continuance of certain events of force majeure (including the loss of Non-FTA Approval); (iii) delays in the commencement of commercial operations of the Liquefaction Project beyond specified time periods; and (iv) failure by Cove Point to satisfy its contractual obligations after any applicable cure periods. If such agreements were terminated, there can be no assurance that Cove Point will be able to replace such agreements on comparable terms. The termination of, and failure to replace, the export contracts could have an adverse impact on Cove Point s ability to pay the Preferred Return Distributions following the expiration of certain of its contracts with Statoil described below if Cove Point was unable to generate sufficient annual cash flows from other sources.

Cove Point s existing revenue streams will be insufficient to pay the full amount of Preferred Return Distributions commencing May 1, 2017.

Cove Point currently has 800 MDt/day of regasification and firm transportation capacity under contract with Statoil. Statoil s obligations with respect to 640 MDt/day of such capacity will expire as of January 1, 2017, with the remainder expiring on May 1, 2017 in order to provide capacity to be utilized in connection with the Liquefaction Project. Following the expiration of these contracts with Statoil, unless the Liquefaction Project is completed, Cove Point is not expected to generate annual cash flows sufficient to pay Preferred Return Distributions in full. We intend to cause Cove Point to set aside a distribution reserve sufficient to pay two quarters of Preferred Return Distributions (and two quarters of similar distributions with respect to any other preferred equity interests in Cove Point) by December 31, 2016, but there can be no assurance that funds will be available or sufficient for such purpose or that Cove Point will have sufficient cash and undistributed Net Operating Income to permit it to continue to make Preferred Return Distributions after the expiration of the Statoil contracts.

Cove Point may be unable to complete the Liquefaction Project for a variety of reasons, some of which are outside of its control, and some of which are described below. In the event Cove Point is unable to complete the Liquefaction Project or if the export contracts are terminated and not replaced and, in either case, Cove Point does not have sufficient cash and Net Operating Income from other sources following the expiration of its contracts with Statoil referenced above, Cove Point will not be able to pay the Preferred Return Distributions and distributions with respect to any future preferred equity interests acquired by us. The inability of Cove Point to make Preferred Return Distributions could have a significant impact on our ability to pay distributions to our unitholders. Similarly, the inability of Cove Point to generate revenues sufficient to support the payment of distributions on additional preferred equity interests that may otherwise be made available to us could adversely impact our overall business plan and ability to generate stable and growing cash flows.

Various factors could negatively affect the timing or overall development of the Liquefaction Project, which could adversely affect Cove Point s ability to make payments on our Preferred Equity Interest after May 1, 2017.

Commercial development of the Liquefaction Project will take a number of years. Completion of the Liquefaction Project could be delayed by factors such as:

- the ability to obtain or maintain necessary permits, licenses and approvals from agencies and third parties that are required to construct or operate the Liquefaction Project;

- force majeure events, weather conditions, shortages of materials or delays in the delivery of materials, and as construction progresses, Cove Point may decide or be forced to submit change orders to its contractors that could result in longer construction periods;

- the ability to attract sufficient skilled and unskilled labor and the existence of any labor disputes, and Cove Point s ability to maintain good relationships with its contractors in order to construct the Liquefaction Project within the expected parameters and the ability of those contractors to perform their obligations; and

- Dominion s ability and willingness to provide funding for the development of the Liquefaction Project and, if necessary, Cove Point s ability to obtain additional funding for the development of the Liquefaction Project.

Following receipt of FERC approval for the Liquefaction Project, Cove Point will provide each of the Export Customers with written notice outlining an estimated timeframe within which it expects to complete the Liquefaction Project, and Cove Point will be required, at certain intervals and based on its ongoing development and construction efforts, to provide additional notices narrowing such estimated timeframe for completion. In the event Cove Point is unable to complete the Liquefaction Project within such timeframe, subject to certain allowable adjustments, including force majeure events, Cove Point will be required to pay certain liquidated damages, which would be computed on a daily basis, to the Export Customers as a result of the delay. If, approximately one year after liquidated damages have commenced, subject to extension by Cove Point upon the occurrence of certain force majeure events, Cove Point has still not completed the Liquefaction Project, either or both of Cove Point s Export Customers may terminate their contractual obligations to Cove Point. Any delay in completion of the Liquefaction Project may prevent Cove Point from commencing liquefaction operations when anticipated, which could cause a delay in the receipt of revenues therefrom. As a result, any significant construction delay, whatever the cause, could have a material adverse effect on Cove Point s operating results and its ability to make payments on our Preferred Equity Interest. In addition, the successful completion of the Liquefaction Project is subject to the risk of cost overruns, which may make it difficult to finance the completion of the Liquefaction Project.

Cove Point is dependent on its contractors for the successful completion of the Liquefaction Project and may be unable to complete the Liquefaction Project on time.

There is limited recent industry experience in the U.S. regarding the construction or operation of large-scale liquefaction facilities. The construction of the Liquefaction Project is expected to take several years, will be confined within a limited geographic area and could be subject to delays, cost overruns, labor disputes and other factors that could adversely affect Cove Point s financial performance or impair its ability to execute the business plan for the Liquefaction Project as scheduled. Timely and cost-effective completion of the Liquefaction Project in compliance with agreed-upon specifications is highly dependent upon the performance of Cove Point s contractors pursuant to their agreements. Further, faulty construction that does not conform to Cove Point s design and quality standards may also have a similar adverse effect. For example, improper equipment installation may lead to a shortened life of Cove Point s equipment, increased operations and maintenance costs or a reduced availability or production capacity of the affected facility. The ability of Cove Point s contractors to perform successfully under their agreements is dependent on a number of factors, including force majeure events and the contractors ability to:

design, engineer and receive critical components and equipment necessary for the Liquefaction Project to operate in accordance with specifications and address any start-up and operational issues that may arise in connection with the commencement of commercial operations;

attract, develop and retain skilled personnel and engage and retain third-party subcontractors, and address any labor issues that may arise;

post required construction bonds and comply with the terms thereof, and maintain their own financial condition, including adequate working capital; and

respond to difficulties such as equipment failure, delivery delays, schedule changes and failure to perform by subcontractors, some of which are beyond their control and manage the construction process generally, including coordinating with other contractors and regulatory agencies and dealing with inclement weather conditions.

Although some agreements with Cove Point s contractors may provide for liquidated damages, if the contractor fails to perform in the manner required with respect to certain of its obligations, the events that trigger a requirement to pay liquidated damages may delay or impair the operations of the Liquefaction Project and any liquidated damages that Cove Point receives may not be sufficient to cover the damages that it suffers as a result of any such delay or impairment. Furthermore, Cove Point may have disagreements with its contractors about different elements of the construction process, which could lead to the assertion of rights and remedies under the related contracts resulting in a contractor s unwillingness to perform further work on the Liquefaction Project. Cove Point may also face difficulties in commissioning a newly constructed facility. Any significant project delays in the development of the Liquefaction Project could have a material adverse effect on Cove Point s ability to make payments on our Preferred Equity Interest.

Cove Point is dependent on Dominion to fund the costs necessary to construct the Liquefaction Project. If Dominion is unwilling or unable to supply the funding necessary to complete the Liquefaction Project, Cove Point may be required to seek additional financing in the future and may not be able to secure such financing on acceptable terms.

Cove Point is in the process of developing the Liquefaction Project, which is estimated to cost approximately $3.4 billion to $3.8 billion, excluding financing costs. Through December 31, 2013, Cove Point incurred $347.5 million of development costs associated with the Liquefaction Project that were funded by Dominion. Dominion has indicated that it intends to provide the funding necessary for the remaining development costs, but it has no contractual obligation to do so and has not, as of the date of this prospectus, secured all of the funding necessary to cover these costs, as it intends to finance these costs as they are incurred using its consolidated operating cash flows in addition to proceeds from capital markets transactions. Existing revenue streams and cash reserves will be insufficient for Cove Point to complete the Liquefaction Project. If Dominion is unwilling to provide funding for the remaining development costs, or is unable to obtain such funding in the amounts required or on terms acceptable to Dominion, Cove Point would have to obtain additional funding from lenders, in the capital markets or through other third parties. Any such additional funding may not be available in the amounts required or on terms acceptable to Cove Point and Dominion Midstream. The failure to obtain any necessary additional funding could cause the Liquefaction Project to be delayed or not be completed.

If Cove Point does obtain bank financing or access the capital markets, incurring additional debt may significantly increase interest expense and financial leverage, which could compromise Cove Point s ability to fund future development and acquisition activities and restrict Cove Point s ability to make payments on our Preferred Equity Interest, which would in turn limit our ability to make distributions to our unitholders.

Dominion has also entered into guarantee arrangements on behalf of Cove Point to facilitate the Liquefaction Project, including guarantees supporting the terminal services and transportation agreements as well as the engineering, procurement and construction contract for the Liquefaction Project. Two of the guarantees have no stated limit, one guarantee has a $150 million limit, and one guarantee has a $1.75 billion aggregate limit with an annual draw limit of $175 million. If Cove Point was required to replace these guarantees with other credit support, the cost could be significant.

32

Table of Contents

The construction of the Liquefaction Project remains subject to further approvals and some approvals may be subject to further conditions, review and/or revocation.

The Liquefaction Project remains subject to (i) the receipt of approval by the FERC to construct and operate the facilities and (ii) a number of other governmental and regulatory approvals and permits, including several under the Clean Air Act (the ***CAA***) and the Clean Water Act (the ***CWA***). Furthermore, while Cove Point has received authorization from the DOE to export LNG to non-FTA countries, the Non-FTA Authorization is subject to review, and the DOE may impose additional approval and permit requirements in the future or revoke the Non-FTA Authorization should the DOE conclude that such export authorization is inconsistent with the public interest or that Cove Point has not complied with the terms and conditions of the authorization. The Maryland Commission s final order with respect to the CPCN is subject to requests for rehearing within 30 days from issuance and is subject to circuit court appeal if filed within 30 days of the final order or the Maryland Commission s decision on rehearing. Certain of the permits and approvals must be obtained before construction on the Liquefaction Project can begin and are still under review by state and federal authorities. Cove Point does not know whether or when any such approvals or permits can be obtained, or whether any existing or potential interventions or other actions by third parties will interfere with its ability to obtain and maintain such permits or approvals. The failure by Cove Point to timely receive and maintain the remaining approvals necessary to complete and operate the Liquefaction Project could have a material adverse effect on its operations, financial condition, and ability to make payments on our Preferred Equity Interest.

Failure to retain and attract key executive officers and other skilled professional and technical employees could have an adverse effect on Cove Point s operations.

Cove Point s business strategy is dependent on its ability to recruit, retain and motivate employees. Cove Point s key executive officers are the chief executive officer, chief financial officer and executive vice president and those responsible for financial, operational, legal, regulatory and accounting functions. Competition for skilled management employees in these areas of Cove Point s business operations is high. In addition, demand for skilled professional and technical employees in gas transmission, storage, gathering, processing and distribution and in design and construction is high in light of growth in demand for natural gas, increased supply of natural gas as a result of developments in gas production, increased infrastructure projects, increased risk in certain areas of Cove Point s business, such as cybersecurity, and increased regulation of these activities. Cove Point s inability to retain and attract these employees could adversely affect our business and future operating results. An aging workforce in the energy industry necessitates recruiting, retaining and developing the next generation of leadership.

Construction of the Liquefaction Project and Cove Point s results of operations may be affected by changes in the weather.

As with any industrial facility, severe weather, including hurricanes and winter storms, can be destructive, causing construction delays, outages and property damage that require incurring additional expenses. Furthermore, Cove Point s operations could be adversely affected and its physical plant is at risk of damage should changes in global climate produce, among other possible conditions, unusual variations in temperature and weather patterns, resulting in more intense, frequent and extreme weather events, abnormal levels of precipitation or a change in sea level or sea temperatures.

Cove Point s construction and operations activities are subject to operational hazards, equipment failures, supply chain disruptions and personnel issues, which could create significant liabilities and losses, and negatively affect Cove Point s ability to make payments on our Preferred Equity Interest.

The construction and operation of Cove Point s facilities involves risk, including the risk of potential breakdown or failure of equipment or processes due to aging infrastructure, pipeline integrity, fuel supply or transportation disruptions, accidents, labor disputes or work stoppages by employees, intentional acts of sabotage, construction delays or cost overruns, shortages of or delays in obtaining equipment, material and labor, operational restrictions resulting from environmental limitations and governmental interventions, and performance below expected levels. Because Cove Point s pipelines and other facilities are interconnected with

Table of Contents

those of third parties, the operation of its pipelines and facilities could be adversely affected by unexpected or uncontrollable events occurring on the systems of such third parties. Cove Point s business is dependent upon sophisticated information technology systems and network infrastructure, the failure of which could prevent it from accomplishing critical business functions.

Unplanned outages of the Cove Point Facilities and extensions of scheduled outages due to mechanical failures or other problems occur from time to time and are inherent risks of Cove Point s business. Unplanned outages typically increase operation and maintenance expenses and may reduce Cove Point s revenues as a result of selling fewer services or incurring increased rate credits to customers. If Cove Point is unable to perform its contractual obligations, penalties or liability for damages could result.

In addition, there are many risks associated with the transportation, storage and processing of natural gas and LNG, including fires, releases of natural gas or other substances, the collision of third-party equipment with pipelines and other environmental incidents. Such incidents could result in the loss of human life or injuries among Cove Point s employees; damage or destruction of any part of the Cove Point Facilities or the property of third parties; business interruptions and associated safety impacts; and subsequent losses of revenues, heightened regulatory scrutiny, and damage to our reputation. Cove Point maintains property and casualty insurance that may cover certain damage and claims caused by such incidents, but other damage and claims arising from such incidents may not be covered or may exceed the amount of any insurance available, in which case such risks or losses could create significant liabilities that negatively affect Cove Point s ability to make payments on our Preferred Equity Interest.

Cove Point s operations are subject to a number of environmental laws and regulations that impose significant compliance costs on Cove Point, and existing and future environmental and similar laws and regulations could result in increased compliance costs or additional operating restrictions.

Cove Point s operations and the Liquefaction Project are subject to extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality, handling and disposal of hazardous materials and other wastes, and protection of natural resources and human health and safety. Many of these laws and regulations, such as the CAA, the CWA, the Oil Pollution Act, and the Resource Conservation and Recovery Act, as amended (***RCRA***) and analogous state laws and regulations require Cove Point to commit significant capital toward permitting, emission fees, environmental monitoring, installation and operation of pollution control equipment and the purchase of emission allowances and/or offsets in connection with the construction and operations of Cove Point s facilities. Violation of these laws and regulations could lead to substantial liabilities, fines and penalties or to capital expenditures related to pollution control equipment that could have a material adverse effect on Cove Point s business, contracts, financial condition, operating results, cash flow, liquidity and prospects. Additionally, federal and state laws impose liability, without regard to fault or the lawfulness of the original conduct, for the release of certain types or quantities of hazardous substances into the environment.

Revised, reinterpreted or additional laws and regulations that result in increased compliance costs or additional operating or construction costs and restrictions could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects. There are numerous regulatory approaches currently in effect or being considered to address greenhouse gases (***GHGs***), including possible future U.S. treaty commitments, new federal or state legislation that may impose a carbon emissions tax or establish a cap-and-trade program, and regulation by the United States Environmental Protection Agency (***EPA***). Additional regulation of air emissions, including GHGs, under the CAA may be imposed on the natural gas sector, including rules to limit methane gas leakage. Compliance with GHG emission reduction requirements may require the retrofitting or replacement of equipment or could otherwise increase the cost to operate and maintain Cove Point s facilities.

We are unable to estimate Cove Point s compliance costs with certainty due to our inability to predict the requirements and timing of implementation of any future environmental rules or regulations. Other factors that

Table of Contents

affect Cove Point s ability to predict future environmental expenditures with certainty include the difficulty in estimating any future clean-up costs and quantifying liabilities under environmental laws that impose joint and several liability on all responsible parties. However, such expenditures, if material, could result in the impairment of assets or otherwise adversely affect the results of Cove Point s operations, financial performance or liquidity and ability to make payments on our Preferred Equity Interest.

War, natural disasters and other significant events could adversely affect the construction of the Liquefaction Project and Cove Point s operations.

We cannot predict world hostility that may impact the energy industry in general or on Cove Point s business in particular, including the construction of the Liquefaction Project. Any retaliatory military strikes or sustained military campaign may affect Cove Point s operations in unpredictable ways, such as changes in insurance markets and disruptions of fuel supplies and markets. In addition, Cove Point s infrastructure facilities could be direct targets of, or indirect casualties of, an act of terror. Furthermore, the physical compromise of Cove Point s facilities could adversely affect its ability to manage its facilities effectively. Instability in financial markets as a result of terrorism, war, earthquakes and other natural disasters, pandemic, credit crises, recession or other factors could result in a significant decline in the U.S. economy and increase the cost of insurance coverage, which could negatively impact Cove Point s results of operations, financial condition and ability to make payments on our Preferred Equity Interest.

Hostile cyber intrusions could severely impair Cove Point s operations, lead to the disclosure of confidential information, damage its reputation and otherwise have an adverse effect on its business.

Cove Point owns assets deemed as critical infrastructure by the FERC, the operation of which is dependent on information technology systems. Further, the computer systems that run Cove Point s facilities are not completely isolated from external networks. Parties that wish to disrupt the U.S. gas transmission system or Cove Point s operations could view its computer systems, software or networks as attractive targets for a cyber-attack.

A successful cyber-attack on the systems that control Cove Point s assets could severely disrupt business operations, preventing it from serving customers or collecting revenues. A major cyber incident could result in significant expenses to investigate and repair security breaches or system damage and could lead to litigation, fines, other remedial action, heightened regulatory scrutiny and damage to Cove Point s reputation. Cove Point maintains property and casualty insurance that may cover certain damage caused by potential cybersecurity incidents; however, other damage and claims arising from such incidents may not be covered or may exceed the amount of any insurance available. For these reasons, a significant cyber incident could materially and adversely affect Cove Point s business, financial condition, results of operations and ability to make payments on our Preferred Equity Interest.

To maintain the cryogenic readiness of the Cove Point LNG Facility, Cove Point may need to purchase and process LNG.

Cove Point needs to maintain the cryogenic readiness of the Cove Point LNG Facility when the terminal facilities are not being used by purchasing LNG. Each year, one or two LNG cargos are procured and are billed to Cove Point s Import Shippers pursuant to a cost recovery mechanism set forth in Cove Point s FERC Gas Tariff. This cost recovery mechanism expires by its terms on December 31, 2016, and there can be no assurance that a similar recovery mechanism will be available thereafter. Following the completion of the Liquefaction Project, the Cove Point LNG Facility will be a bi-directional facility, reducing the risk that it will not be used for either import or export, and the addition of liquefaction facilities, which can be used to liquefy any boil-off gas, is expected to reduce any need for Cove Point to procure LNG for cooling purposes. However, Cove Point may need to maintain or obtain funds necessary to procure LNG to maintain the cryogenic readiness of the Cove Point LNG Facility in the future, which could adversely impact its ability to make payments on our Preferred Equity Interest.

Table of Contents

Certain of Cove Point s operations are subject to the FERC s rate-making policies, which could limit Cove Point s ability to recover the full cost of operating its assets, including earning a reasonable return, and have an adverse effect on Cove Point s ability to make payments on our Preferred Equity Interest.

Cove Point is subject to extensive regulations relating to the jurisdictional rates it can charge for its natural gas regasification, storage and transportation services. The FERC establishes both the maximum and minimum rates Cove Point can charge for jurisdictional services. The basic elements of rate-making that the FERC considers are the costs of providing service, the volumes of gas being transported and handled, the rate design, the allocation of costs between services, the capital structure and the rate-of-return that a regulated entity is permitted to earn. The profitability of this business is dependent on Cove Point s ability, through the rates that it is permitted to charge, to recover costs and earn a reasonable rate of return on its capital investment. The FERC or a customer of Cove Point can challenge Cove Point s existing jurisdictional rates, which Cove Point may be required to change should the FERC find those rates to be unjust and unreasonable. Such a challenge could adversely affect Cove Point s ability to maintain its current revenue levels.

Cove Point and its jurisdictional customers are subject to a rate moratorium through 2016. Cove Point is required to file its next rate case so that new jurisdictional rates are effective January 1, 2017. When Cove Point files its next rate case in 2016, or if it has to defend its rates in a proceeding commenced by a customer or the FERC, Cove Point will be required, among other things, to support its rates, by showing that they reflect recovery of its costs plus a reasonable return on its investment, in accordance with cost of service ratemaking. A failure to support its rates could result in a rate decrease from its current maximum rate levels, which could adversely affect its operating results, cash flows and financial position and its ability to make payments on our Preferred Equity Interest.

In addition, as part of Cove Point s obligations to support its rates, Cove Point is required to establish the inclusion of an income tax allowance in Cove Point s cost of service is just and reasonable. Under current FERC policy, because we are a limited partnership and do not pay U.S. federal income taxes, this would require us to show that our unitholders (or their ultimate owners) are subject to U.S. federal income taxation on the portion of Cove Point s income allocable to us. To support such a showing, our general partner may elect to require owners of our units to recertify their status as being subject to U.S. federal income taxation on the income generated by us or we may attempt to provide other evidence. We can provide no assurance that the evidence we might provide to the FERC will be sufficient to establish that our unitholders (or their ultimate owners) are subject to U.S. federal income tax liability on the income generated by Cove Point that is allocable to us. If we are unable to make such a showing, the FERC could disallow a substantial portion of the income tax allowance included in the determination of the maximum rates that may be charged by Cove Point, which could result in a reduction of such maximum rates from current levels.

An adverse determination by the FERC with respect to Cove Point s open access rates could have a material adverse effect on Cove Point s revenues, earnings and cash flows and its ability to make payments on our Preferred Equity Interest.

Risks Inherent in an Investment in Us

Dominion owns and controls our general partner, which has sole responsibility for conducting our business and managing our operations. Our general partner and its affiliates, including Dominion, have conflicts of interest with us and limited duties, and they may favor their own interests to our detriment and that of our unitholders.

Following this offering, Dominion will own and control our general partner and will appoint all of the directors of our general partner. Although our general partner has a duty to manage us in a manner that it believes is not adverse to our interest, the executive officers and directors of our general partner have a fiduciary duty to manage our general partner in a manner beneficial to Dominion. Therefore, conflicts of interest may arise between Dominion or any of its affiliates, including our general partner, on the one hand, and us or any of our

Table of Contents

unitholders, on the other hand. In resolving these conflicts of interest, our general partner may favor its own interests and the interests of its affiliates over the interests of our common unitholders. These conflicts include the following situations, among others:

our general partner is allowed to take into account the interests of parties other than us, such as Dominion, in exercising certain rights under our partnership agreement;

neither our partnership agreement nor any other agreement requires Dominion to pursue a business strategy that favors us;

our partnership agreement replaces the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing its duties, limits our general partner s liabilities and restricts the remedies available to our unitholders for actions that, without such limitations, might constitute breaches of fiduciary duty;

except in limited circumstances, our general partner has the power and authority to conduct our business without unitholder approval;

our general partner determines the amount and timing of asset purchases and sales, borrowings, issuances of additional partnership securities and the level of cash 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 cash expenditure and whether an expenditure is classified as a maintenance capital expenditure, which reduces operating surplus, or an expansion capital expenditure, which does not reduce operating surplus. Please read How We Make Distributions to Our Partners Capital Expenditures for a discussion on when a capital expenditure constitutes a maintenance capital expenditure or an expansion capital expenditure. This determination 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 to convert. Please read How We Make Distributions to Our Partners Subordination Period;

our general partner may cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make a distribution on the subordinated units, to make incentive distributions or to accelerate the expiration of the subordination period;

our partnership agreement permits us to distribute up to $ 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. This cash may be used to fund distributions on our subordinated units or the IDRs;

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 outstanding common units;

our general partner controls the enforcement of obligations that it and its affiliates owe to us;

our general partner decides whether to retain separate counsel, accountants or others to perform services for us; and

our general partner may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to our general partner s IDRs without the approval of the conflicts committee of the board of directors of our general partner or the unitholders. This election may result in lower distributions to the common unitholders in certain situations.

In addition, we may compete directly with Dominion and entities in which it has an interest for acquisition opportunities and potentially will compete with these entities for new business or extensions of the existing services provided by us. Please read Dominion and other affiliates of our general partner may compete with us and Conflicts of Interest and Fiduciary Duties.

The board of directors of our general partner may modify or revoke our cash distribution policy at any time at its discretion. Our partnership agreement does not require us to pay any distributions at all.

The board of directors of our general partner will adopt a cash distribution policy pursuant to which we intend to distribute quarterly at least $ per unit on all of our units 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. However, the board of directors of our general partner may change such policy at any time at its discretion and could elect not to pay distributions for one or more quarters. Please read Cash Distribution Policy and Restrictions on Distributions.

In addition, our partnership agreement does not require us to pay any distributions at all. Accordingly, investors are cautioned not to place undue reliance on the permanence of such a policy in making an investment decision. Any modification or revocation of our cash distribution policy could substantially reduce or eliminate the amounts of distributions to our unitholders. The amount of distributions we make, if any, and the decision to make any distribution at all will be determined by the board of directors of our general partner, whose interests may differ from those of our common unitholders. Our general partner has limited duties to our unitholders, which may permit it to favor its own interests or the interests of Dominion to the detriment of our common unitholders.

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.

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

We plan to distribute most of our distributable cash flow, which 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. The incurrence of additional commercial borrowings or other debt to finance our growth strategy would result in increased interest expense, which, in turn, may impact the cash that we have available to distribute to our unitholders.

Our partnership agreement replaces our general partner s fiduciary duties to holders of our units.

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. This entitles our general partner to consider only the interests and factors that it desires and relieves it of any duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or our limited partners. Examples of decisions that our general partner may make in its individual capacity include:

- how to allocate business opportunities among us and its affiliates;
- whether to exercise its limited call right;
- how to exercise its voting rights with respect to the units it owns;
- whether to exercise its registration rights;
- whether to elect to reset target distribution levels; and
- whether to consent to any merger or consolidation of Dominion Midstream or amendment to the partnership agreement.

By purchasing a common unit, a unitholder is treated as having consented to the provisions in the partnership agreement, including the provisions discussed above. Please read Conflicts of Interest and Fiduciary Duties Fiduciary Duties.

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

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

- whenever our general partner makes a determination or takes, or declines to take, any other action in its capacity as our general partner, our general partner generally is required to make such determination, or take or decline to take such other action, in good faith, and will not be subject to any higher standard imposed by our partnership agreement, Delaware law, or any other law, rule or regulation, or at equity;
- our general partner and its officers and directors will not be liable for monetary damages or otherwise to us or our limited partners resulting from any act or omission unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that such losses or liabilities were the result of conduct in which our general partner or its officers or directors engaged in bad faith, meaning that they believed that the decision was adverse to the interest of Dominion Midstream or, with respect to any

criminal conduct, with knowledge that such conduct was unlawful; and

our general partner will not be in breach of its obligations under the partnership agreement or its duties to us or our limited partners if a transaction with an affiliate or the resolution of a conflict of interest is:

(1) 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

(2) 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, other than one where our general partner is permitted to act in its sole discretion, 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 then it will be presumed that, in making its decision, taking any action or failing to act, the board of directors acted in good faith, and in any proceeding brought by or on behalf of any limited partner or Dominion Midstream, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption. Please read Conflicts of Interest and Fiduciary Duties.

Table of Contents

Dominion and other affiliates of our general partner may compete with us.

Our partnership agreement provides that our general partner will be restricted from engaging in any business activities other than acting as our general partner, engaging in activities incidental to its ownership interest in us and providing management, advisory, and administrative services to its affiliates or to other persons. However, affiliates of our general partner, including Dominion, are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with us. In addition, Dominion may compete with us for investment opportunities and may own an interest in entities that compete with us.

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

The holder or holders of our IDRs may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to the IDRs, 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.

The holder or holders of a majority of our IDRs (initially our general partner) have the right, at any time when there are no subordinated units outstanding, and we have made cash distributions in excess of the highest then-applicable target distribution for each of the prior four consecutive fiscal quarters, to reset the initial target distribution levels at higher levels based on our cash distribution levels at the time of the exercise of the reset election. Following a reset election by our general partner, the minimum quarterly distribution will be calculated equal to an amount equal to the prior cash distribution per common unit for the fiscal quarter immediately preceding the reset election (which amount we refer to as 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 our general partner elects to reset the target distribution levels, it will be entitled to receive a number of common units equal to the number of common units that would have entitled the holder to an aggregate quarterly cash distribution for the quarter prior to the reset election equal to the distribution on the IDRs for the quarter prior to the reset election.

We anticipate that our general partner would exercise this reset right in order to facilitate acquisitions or internal growth projects that would not be sufficiently accretive to cash distributions per unit without such conversion. However, our general partner may transfer the IDRs at any time. It is possible that our general partner or a transferee could exercise this reset election at a time when we are experiencing declines in our aggregate cash distributions or at a time when the holders of the IDRs expect that we will experience declines in our aggregate cash distributions in the foreseeable future. In such situations, the holders of the IDRs may be experiencing, or may expect to experience, declines in the cash distributions it receives related to the IDRs and may therefore desire to be issued our common units rather than retain the right to receive incentive distributions based on the initial target distribution levels. As a result, a reset election may cause our common unitholders to experience reduction in the amount of cash distributions that they would have otherwise received had we not issued new common units to the holders of the IDRs in connection with resetting the target distribution levels. Please read How We Make Distributions to Our Partners IDR Holders Right to Reset Incentive Distribution Levels.

Table of Contents

Unitholders 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 Dominion, as a result of it owning our general partner, and not by our unitholders. Please read Management Management of Dominion Midstream and Certain Relationships and Related Transactions. 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 will 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 initially remove our general partner without its consent.

If our unitholders are dissatisfied with the performance of our general partner, they will have limited ability to remove our general partner. Unitholders initially will be unable to remove our general partner without its consent because our general partner and its affiliates will own sufficient units upon the completion of this offering to be able to prevent its removal. The vote of the holders of at least 66 ⅔% of all outstanding common and subordinated units voting together as a single class is required to remove our general partner. Following the closing of this offering, Dominion will own an aggregate of % of our common and all of our subordinated units (or % of our common units, if the underwriters exercise their option to purchase additional common units in full). In addition, any vote to remove our general partner during the subordination period must provide for the election of a successor general partner by the holders of a majority of the common units and a majority of the subordinated units, voting as separate classes. This will provide Dominion the ability to prevent the removal of our general partner.

Unitholders will experience immediate and substantial dilution of $ per common unit.

The assumed initial public offering price of $ per common unit (the mid-point of the price range set forth on the cover page of this prospectus) exceeds our pro forma net tangible book value of $ per common unit. Based on the assumed initial public offering price of $ per common unit, unitholders will incur immediate and substantial dilution of $ per common unit. This dilution results primarily because the assets contributed to us by affiliates of our general partner are recorded at their historical cost in accordance with GAAP, and not their fair value. Please read Dilution.

Our general partner interest or the control of our general partner may be transferred to a third-party without unitholder consent.

Our general partner may transfer its general partner interest to a third-party without the consent of our unitholders. Furthermore, our partnership agreement does not restrict the ability of the owner of our general partner to transfer its membership interests in our general partner to a third-party. The new owner of our general partner would then be in a position to replace the board of directors and executive officers of our general partner with its own designees and thereby exert significant control over the decisions taken by the board of directors and executive officers of our general partner. This effectively permits a change of control without the vote or consent of the unitholders.

The IDRs may be transferred to a third-party without unitholder consent.

Our general partner may transfer the IDRs to a third-party at any time without the consent of our unitholders. If our general partner transfers the IDRs to a third-party, our general partner would not have the same incentive to grow our partnership and increase quarterly distributions to unitholders over time. For example, a transfer of IDRs by our general partner could reduce the likelihood of Dominion accepting offers made by us relating to assets owned by Dominion, as it would have less of an economic incentive to grow our business, which in turn would impact our ability to grow our asset base.

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 own more than 80% of the outstanding common units, our general partner will have the right, which it may assign to any of its affiliates or to us but not the obligation, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price equal to the greater of (1) 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 limited call right is first mailed and (2) 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 causing us to issue additional common units and then exercising its limited 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, as amended (the Exchange Act). Upon consummation of this offering, and assuming no exercise of the underwriters option to purchase additional common units, Dominion will own an aggregate of % of our common and subordinated units. At the end of the subordination period, assuming no additional issuances of units (other than upon the conversion of the subordinated units), Dominion will own % of our common units. For additional information about the limited call right, please read The Partnership Agreement Limited Call Right.

Our general partner may amend our partnership agreement, as it determines necessary or advisable, to permit the general partner to redeem the units of certain unitholders.

Our general partner may amend our partnership agreement, as it determines necessary or advisable, to obtain proof of the U.S. federal income tax status or the nationality, citizenship or other related status of our limited partners (and their owners, to the extent relevant) and to permit our general partner to redeem the units held by any person (i) whose tax status has or is reasonably likely to have a material adverse effect on the maximum applicable rates chargeable to our customers, (ii) whose nationality, citizenship or related status creates substantial risk of cancellation or forfeiture of any of our property or (iii) who fails to comply with the procedures established to obtain such proof. The redemption price in the case of such a redemption will be the average of the daily closing prices per unit for the 20 consecutive trading days immediately prior to the date set for redemption. Please read The Partnership Agreement Non-Taxpaying Holders; Redemption and The Partnership Agreement Non-Citizen Assignees; Redemption.

We may issue additional units without unitholder approval, which would dilute existing unitholder ownership interests.

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

our existing unitholders   proportionate ownership interest in us will decrease;

the amount of distributable cash flow on each unit may decrease;

Table of Contents

- 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.

There are no limitations in our partnership agreement on our ability to issue units ranking senior to the common units.

In accordance with Delaware law and the provisions of our partnership agreement, we may issue additional partnership interests that are senior to the common units in right of distribution, liquidation and voting. The issuance by us of units of senior rank may (i) reduce or eliminate the amount of distributable cash flow to our common unitholders; (ii) diminish the relative voting strength of the total common units outstanding as a class; or (iii) subordinate the claims of the common unitholders to our assets in the event of our liquidation.

The market price of our common units could be adversely affected by sales of substantial amounts of our common units in the public or private markets, including sales by Dominion or other large holders.

After this offering, we will have common units and subordinated units outstanding, which includes the common units we are selling in this offering that may be resold in the public market immediately. All of the subordinated units will convert into common units on a one-for-one basis at the end of the subordination period. All of the common units (common units if the underwriters exercise their option to purchase additional common units) and subordinated units that are issued to Dominion will be subject to resale restrictions under a 180-day lock-up agreement with the underwriters. Each of the lock-up agreements with the underwriters may be waived in the discretion of certain of the underwriters. Sales by Dominion or other large holders of a substantial number of our common units in the public markets following this offering, or the perception that such sales might occur, could have a material adverse effect on the price of our common units or could impair our ability to obtain capital through an offering of equity securities. In addition, we have agreed to provide registration rights to Dominion. Under our partnership agreement, our general partner and its affiliates have registration rights relating to the offer and sale of any units that they hold. Alternatively, we may be required to undertake a future public or private offering of common units and use the net proceeds from such offering to redeem an equal number of common units held by Dominion. Please read Units Eligible for Future Sale.

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

Our partnership agreement restricts unitholders voting rights by 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 and its affiliates, 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.

There is no existing market for our common units, and a trading market that will provide you with adequate liquidity may not develop. The price of our common units may fluctuate significantly, and unitholders could lose all or part of their investment.

Prior to this offering, there has been no public market for the common units. After this offering, there will be only publicly traded common units. We do not know the extent to which investor interest will lead to the development of a trading market or how liquid that market might be. Unitholders may not be able to resell their common units at or above the initial public offering price. Additionally, the lack of liquidity may result in wide bid-ask spreads, contribute to significant fluctuations in the market price of the common units and limit the number of investors who are able to buy the common units.

The initial public offering price for our common units will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of the market price of the common units that will prevail in the trading market. The market price of our common units may decline below the initial public offering price. The market price of our common units may also 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;
- 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 after this offering or changes in financial estimates by analysts;
- future sales of our common units; and
- the other factors described in these Risk Factors.

Unitholders may have liability to repay distributions.

Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act, as amended (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 that received the distribution and knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Liabilities to partners on account of their partnership interests and liabilities that are non-recourse to Dominion Midstream are not counted for purposes of determining whether a distribution is permitted.

For as long as we are an emerging growth company, we will not be required to comply with certain reporting requirements that apply to other public companies, including those relating to auditing standards and disclosure

about our executive compensation.

The JOBS Act contains provisions that, among other things, relax certain reporting requirements for emerging growth companies, including certain requirements relating to auditing standards and compensation disclosure. We are classified as an emerging growth company. 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 of 2002, (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) comply with any new audit rules adopted by the PCAOB after April 5, 2012 unless the SEC determines otherwise or (4) provide certain disclosure regarding executive compensation required of larger public companies.

Table of Contents

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.

We are not currently required to comply with the SEC s rules implementing Section 404 of the Sarbanes- Oxley Act of 2002, and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a publicly traded partnership, we will be required to comply with the SEC s rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act of 2002, which will require our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. Though we will be required to disclose material changes made to our internal controls and procedures on a quarterly basis, we will not be required to make our first annual assessment of our internal control over financial reporting pursuant to Section 404 until the year following our first annual report required to be filed with the SEC. To comply with the requirements of being a publicly traded partnership, we may need to implement additional internal controls, reporting systems and procedures and hire additional accounting, finance and legal staff. Furthermore, 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, 2019. Once it is required to do so, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed, operated or reviewed.

If we fail to develop or maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential unitholders could lose confidence in our financial reporting, which would harm our business and the trading price of our units.

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.

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

We have been approved to list our common units on the NYSE. Because we will be 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 will not have the same protections afforded to stockholders of certain corporations that are subject to all of the NYSE s corporate governance requirements. Please read Management Management of Dominion Midstream.

We will incur incremental general and administrative costs following this offering, including increased costs as a result of being a publicly traded partnership.

We estimate that we will incur $3.0 million of incremental general and administrative expenses following this offering that are not reflected in our unaudited pro forma financial statements. The incremental general and administrative expenses that we expect to incur consist of $2.0 million of expenses as a result of operating as a publicly traded partnership, as well as $1.0 million for the anticipated reimbursement of expenses to our general partner or its affiliates of expenses incurred and payments made on our behalf. However, it is possible that our actual incremental general and administrative expenses following this offering will be higher than we currently estimate.

We have no history operating as a publicly traded partnership. As a publicly traded partnership, we will incur significant legal, accounting and other expenses that we did not incur prior to this offering. In addition, the Sarbanes-Oxley Act of 2002, as well as rules implemented by the SEC and the NYSE, requires publicly traded entities to adopt various corporate governance practices that will further increase our costs. The amount of our expenses or reserves for expenses, including the costs of being a publicly traded partnership will reduce the amount of cash we have for distribution to our unitholders. 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 public company.

Prior to this offering, we have not filed reports with the SEC. Following this offering, we will become 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 company, 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 the board of directors of our general partner or as executive officers.

Tax Risks to Common Unitholders

In addition to reading the following risk factors, you should read Material U.S. Federal Income Tax Consequences for a more complete discussion of the expected material U.S. federal income tax consequences of owning and disposing of common units.

Our tax treatment depends on our status as a partnership for federal income tax purposes and 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 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 U.S. 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 Cove Point s current operations, we believe we satisfy the qualifying income requirement. However, we have not requested, and do not plan to request, a ruling from the IRS on this or any other matter affecting us or Cove Point. 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 U.S. 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 you would generally be taxed again as corporate distributions, and no income, gains, losses or deductions would flow through to you.

Because a tax would be imposed upon us as a corporation, our distributable cash flow to you 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.

Table of Contents

Our partnership agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us or Cove Point to taxation as a corporation or otherwise subjects us or Cove Point to entity-level taxation for U.S. federal, state, local or foreign income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law or interpretation 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 will initially conduct business (including through Cove Point) in Delaware, Maryland and Virginia, each of which imposes a margin or franchise tax. In the future, we may expand our operations. Imposition of a similar tax on us or Cove Point in other jurisdictions that we may expand to could substantially reduce our distributable cash flow to you.

The tax treatment of publicly traded partnerships or an investment in our common 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, from time to time, members of Congress propose and consider substantive changes to the existing U.S. federal income tax laws that affect publicly traded partnerships. One such legislative proposal would have eliminated the qualifying income exception to the treatment of all publicly traded partnerships as corporations upon which we rely for our treatment as a partnership for U.S. federal income tax purposes. We are unable to predict whether any of these changes, or other proposals, will be reintroduced or will ultimately be enacted. Any such changes could negatively impact the value of an investment in our common units. Any modification to U.S. federal income tax laws may be applied retroactively and could make it more difficult or impossible for us to meet the qualifying income requirement to be treated as a partnership for U.S. federal income tax purposes. For a discussion of the importance of our treatment as a partnership for federal income purposes, please read Material U.S. Federal Income Tax Consequences Taxation of Dominion Midstream Partnership Status for a further discussion.

If the IRS were to contest the U.S. 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 distributable cash flow to our unitholders.

We have not requested a ruling from the IRS with respect to our or Cove Point s treatment as a partnership for U.S. federal income tax purposes or any other matter affecting us. The IRS may adopt positions that differ from the conclusions of our counsel expressed in this prospectus or from the positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all of our counsel s conclusions or the positions we take. 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 distributable cash flow to our unitholders and thus will be borne indirectly by our unitholders.

Even if unitholders do not receive any cash distributions from us, they will be required to pay taxes on their share of our taxable income.

Unitholders will be required to pay U.S. federal income taxes and, in some cases, state and local income taxes, on their share of our taxable income, whether or not they receive cash distributions from us. Unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax due from them with respect to that income.

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

If you sell your common units, you will recognize a gain or loss equal to the difference between the amount realized and your tax basis in those common units. Because distributions in excess of your allocable share of our net taxable income decrease your tax basis in your common units, the amount, if any, of such prior excess distributions with respect to the units you sell will, in effect, become taxable income to you if you sell such units at a price greater than your tax basis in those units, even if the price you receive is less than your 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 you sell your common units, you may incur a tax liability in excess of the amount of cash you receive from the sale. Please read Material U.S. Federal Income Tax Consequences Disposition of Units Recognition of Gain or Loss for a further discussion of the foregoing.

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

Investment in common units by tax-exempt entities, such as employee benefit plans and individual retirement accounts (known as IRAs), and non-U.S. persons raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from U.S. federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Distributions to non-U.S. persons will be 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 U.S. federal tax returns and pay tax on their share of our taxable income. If you are a tax-exempt entity or a non-U.S. person, you should consult your tax advisor before investing in our common units. Please read Material U.S. Federal Income Tax Consequences Tax-Exempt Organizations and Other Investors.

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 the provisions of the Internal Revenue Code of 1986, as amended (the ***Code***) or existing and proposed Treasury regulations thereunder (***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. Please read Material U.S. Federal Income Tax Consequences Tax Consequences of Unit Ownership Section 754 Election for a further discussion of the effect of the depreciation and amortization positions we will adopt.

We will 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 will 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 use of this proration method may not be permitted under existing Treasury Regulations, and, accordingly, our counsel is unable to opine as to the validity of this method. The United States Treasury Department has issued proposed Treasury Regulations that provide a safe harbor pursuant to which a publicly traded partnership may use a similar monthly simplifying convention to allocate tax items among transferor and transferee unitholders. Nonetheless, 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. Please read Material U.S. Federal Income Tax Consequences Disposition of Units Allocations between Transferors and Transferees.

A unitholder whose common 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 common units. If so, he would no longer be treated for tax purposes as a partner with respect to those common 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 common units are the subject of a securities loan may be considered to have disposed of the loaned common units. In that case, the unitholder may no longer be treated for tax purposes as a partner with respect to those common units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan, any of our income, gain, loss or deduction with respect to those common units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those common units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a securities loan are urged to consult a tax advisor to determine whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their common units.

We may adopt certain valuation methodologies that could result in a shift of income, gain, loss and deduction between the general partner (as the holder of our IDRs) and the unitholders. The IRS may challenge this treatment, which could adversely affect the value of the common units.

When we issue additional units or engage in certain other transactions, we will determine the fair market value of our assets and allocate any unrealized gain or loss attributable to our assets to the capital accounts of our unitholders and our general partner. Our methodology may be viewed as understating the value of our assets. In that case, there may be a shift of income, gain, loss and deduction between certain unitholders and the general partner, which may be unfavorable to such unitholders. Moreover, under our valuation methods, subsequent purchasers of common units may have a greater portion of their Internal Revenue Code Section 743(b) adjustment allocated to our tangible assets and a lesser portion allocated to our intangible assets. The IRS may challenge our valuation methods, or our allocation of the Section 743(b) adjustment attributable to our tangible and intangible assets, and allocations of income, gain, loss and deduction between the general partner and certain of our unitholders.

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

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 U.S. federal income tax purposes.

We will be considered to have constructively terminated for U.S. 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. Immediately following this offering, Dominion will own of the total interests in our capital and profits. Therefore, a transfer by Dominion 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 U.S. 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 constructive 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 (and our unitholders could receive two Schedule K-1 if relief was not available, as described below) 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 U.S. 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 has announced a relief procedure whereby if a publicly traded partnership that has constructively terminated requests and the IRS grants special relief, among other things, Dominion Midstream 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. Please read Material U.S. Federal Income Tax Consequences Disposition of Units Constructive Termination for a discussion of the consequences of our termination for U.S. federal income tax purposes.

You will likely be subject to state and local taxes and income tax return filing requirements in jurisdictions where you do not live as a result of investing in our common units.

In addition to U.S. federal income taxes, you 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 you do not live in any of those jurisdictions. You 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, you may be subject to penalties for failure to comply with those requirements.

We will initially conduct business (including through Cove Point) in Maryland, Virginia and Delaware. Each of those states imposes an income tax on corporations and other entities. Each of those states also imposes a personal income tax on individuals. In addition, we may also own property or do business in other states in the future that impose income or similar taxes on nonresident individuals.

It is your responsibility to file all U.S. 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.

Table of Contents

USE OF PROCEEDS

We intend to use the estimated net proceeds of approximately $ million from this offering (based on an assumed initial offering price of $ per common unit, the mid-point of the price range set forth on the cover page of this prospectus), after deducting the estimated underwriting discount, the structuring fee of $ paid to Barclays Capital Inc. and Citigroup Global Markets Inc., and offering expenses, to make a contribution to Cove Point in exchange for a portion of the Preferred Equity Interest. We intend to cause Cove Point to use the net proceeds contributed to it in connection with this offering to fund a portion of development and construction costs associated with the Liquefaction Project.

If and to the extent the underwriters exercise their option to purchase additional common units, the number of common units purchased by the underwriters pursuant to such exercise will be issued to the underwriters and the remainder, if any, will be issued to Dominion. Any such units issued to Dominion will be issued for no additional consideration. If the underwriters exercise their option to purchase additional common units in full, the additional net proceeds would be approximately $ million (based upon the mid-point of the price range set forth on the cover page of this prospectus). The net proceeds from any exercise of such option will be used to make a distribution to Dominion. If the underwriters do not exercise their option to purchase additional common units, we will issue common units to Dominion upon the option s expiration. We will not receive any additional consideration from Dominion in connection with such issuance. Accordingly, the exercise of the underwriters option will not affect the total number of common units outstanding or the amount of cash needed to pay the minimum quarterly distribution on all units. Please read Underwriting.

A $1.00 increase or decrease in the assumed initial public offering price of $ per common unit would cause the net proceeds from this offering, after deducting the estimated underwriting discount, the structuring fee and offering expenses payable by us, to increase or decrease, respectively, by approximately $ million. In addition, we may also increase or decrease the number of common units we are offering. Each increase or decrease in the number of common units offered by us by 1.0 million units, based on the assumed initial offering price to $ per common unit, would increase or decrease the net proceeds from this offering by approximately $ million.

Table of Contents

CAPITALIZATION

The following table shows our cash and cash equivalents and capitalization at June 30, 2014:

- on a historical basis for Cove Point; and

- on a pro forma basis to reflect the offering of our common units and contribution to Cove Point, the other transactions described under Summary Formation Transactions and Partnership Structure and the application of the net proceeds from this offering as described under Use of Proceeds.

This table is derived from, and should be read together with, the unaudited historical financial statements and unaudited pro forma combined financial statements and the accompanying notes included elsewhere in this prospectus. You should also read this table in conjunction with Summary Formation Transactions and Partnership Structure, Use of Proceeds and Management s Discussion and Analysis of Financial Condition and Results of Operations.

	At June 30, 2014	
	Historical	Pro Forma
	(in millions)	
Cash and cash equivalents	$	$
Long-term debt[(1)]	$	$
Equity and partners capital		
Parent net equity	1,486.0	
Common Units Public		
Common Units Dominion		
Subordinated Units Dominion		
General partner interest Dominion		
Non-controlling interest		
Total equity and partners capital	1,486.0	
Total capitalization	$ 1,486.0	$

(1) In connection with the closing of this offering, we will enter into a new $300 million credit facility with Dominion, which will be undrawn at the closing of this offering. Please read Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Outstanding Indebtedness; Dominion Credit Facility.

Table of Contents

DILUTION

Dilution is the amount by which the offering price paid by the purchasers of common units sold in this offering will exceed the net tangible book value per common unit after this offering. Assuming an initial public offering price of $ per common unit (the mid-point of the price range set forth on the cover page of this prospectus), on a pro forma basis as of June 30, 2014, after giving effect to the offering of common units and the related transactions, our net tangible book value would have been approximately $ million, or $ per common unit. Purchasers of our common units in this offering will experience immediate and substantial dilution in net tangible book value per common unit for financial accounting purposes, as illustrated in the following table.

Assumed initial public offering price per common unit		$
Pro forma net tangible book value per common unit before this offering(1)	$	
Increase in net tangible book value per common unit attributable to purchasers in this offering		
Less: Pro forma net tangible book value per common unit after this offering(2)		
Immediate dilution in net tangible book value per common unit to purchasers in this offering(3)(4)		$

(1) Determined by dividing the pro forma net tangible book value of the contributed general partner interest in Cove Point and a portion of the Preferred Equity Interest by the number of units (common units and subordinated units) to be issued to our general partner and its affiliates for their contribution of the general partner interest in Cove Point and a portion of the Preferred Equity Interest to us.

(2) Determined by dividing our pro forma net tangible book value, after giving effect to the use of the net proceeds of this offering, by the total number of units (common units and subordinated units) to be outstanding after the offering.

(3) Each $1.00 increase or decrease in the assumed initial public offering price of $ per common unit would increase or decrease, respectively, our pro forma net tangible book value by approximately $ million, or approximately $ per common unit, and dilution per common unit to investors in this offering by approximately $ per common unit, after deducting the estimated underwriting discount, structuring fee and offering expenses payable by us. In addition, we may also increase or decrease the number of common units we are offering. An increase of 1.0 million common units offered by us, based on the assumed initial public offering price of $ per common unit, would result in a pro forma net tangible book value of approximately $ million, or $ per common unit, and dilution per common unit to investors in this offering would be $ per common unit. Similarly, a decrease of 1.0 million common units offered by us, based on the assumed initial public offering price of $ per common unit, would result in a pro forma net tangible book value of approximately $ million, or $ per common unit, and dilution per common unit to investors in this offering would be $ per common unit. The information discussed above is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering determined at pricing.

(4) Because the total number of units outstanding following this offering will not be impacted by any exercise of the underwriters option to purchase additional common units and any net proceeds from such exercise will not be retained by us, there will be no change to the dilution in net tangible book value per common unit to purchasers in the offering due to any such exercise of the option.

Table of Contents

The following table sets forth the number of units that we will issue and the total consideration contributed to us by Dominion and by the purchasers of our common units in this offering upon consummation of the transactions contemplated by this prospectus.

	Units		Total Consideration	
	Number	Percent	Amount (in millions)	Percent
Dominion[(1)(2)(3)]		%	$	%
Purchasers in this offering		%	$	%
Total		100%	$	100%

(1) Upon the consummation of the transactions contemplated by this prospectus, Dominion will own common units, subordinated units and all of our IDRs.

(2) The assets contributed by Dominion will be recorded at historical cost. The pro forma book value of the consideration provided by Dominion at June 30, 2014 would have been approximately $.

(3) Assumes the underwriters option to purchase additional common units is not exercised.

Table of Contents

CASH DISTRIBUTION POLICY AND RESTRICTIONS ON DISTRIBUTIONS

You should read the following discussion of our cash distribution policy in conjunction with the specific assumptions included in this section. In addition, you should read Forward-Looking Statements and Risk Factors for information regarding statements that do not relate strictly to historical or current facts and certain risks inherent in our business.

For additional information regarding our historical and pro forma results of operations, you should refer to Cove Point s audited historical financial statements at and for the years ended December 31, 2013 and 2012 and unaudited historical financial statements at June 30, 2014 and for the six months ended June 30, 2014 and 2013, as well as our unaudited pro forma financial combined statements at June 30, 2014, for the year ended December 31, 2013 and for the six months ended June 30, 2014, included elsewhere in this prospectus.

General

Our Cash Distribution Policy

The board of directors of our general partner will adopt a cash distribution policy pursuant to which we intend to distribute at least the minimum quarterly distribution of $ per unit ($ per unit on an annualized basis) on all of our units 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. We expect that if we are successful in executing our business strategies, we will grow our business in a steady and sustainable manner and distribute to our unitholders a portion of any increase in our distributable cash flow resulting from such growth. Our general partner has not caused us to establish any cash reserves, and does not have any specific types of expenses for which it intends to establish reserves. We expect our general partner may cause us to establish reserves for specific purposes, such as major capital expenditures or debt-service payments, or may choose to generally reserve cash in the form of excess distribution coverage from time to time for the purpose of maintaining stability or growth in our quarterly distributions. In addition, our general partner may cause us to borrow amounts to fund distributions in quarters when we generate less cash than is necessary to sustain or grow our cash distributions per unit. Our cash distribution policy reflects a judgment that our unitholders will be better served by our distributing rather than retaining our distributable cash flow.

The board of directors of our general partner may change our distribution policy at any time and from time to time. Our partnership agreement does not require us to pay cash distributions on a quarterly or other basis.

Cove Point s Cash Distributions

We control Cove Point, through its general partner, and control distributions made by Cove Point. We intend to cause Cove Point to make distributions equal to Preferred Return Distributions each quarter, so long as Cove Point has sufficient cash and undistributed Net Operating Income (determined on a cumulative basis from the closing of this offering) from which to make Preferred Return Distributions, and to establish a distribution reserve sufficient to pay at least two quarters of Preferred Return Distributions (and two quarters of similar distributions with respect to any other preferred equity interest in Cove Point) by December 31, 2016. We do not expect to cause Cove Point to make distributions on its common equity until the Liquefaction Project commences commercial service. Please read Business Preferred Equity Interest.

Table of Contents

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 will be subject to any restrictions on distributions contained in any credit or similar agreement we enter into that contains financial tests and covenants that we must satisfy as a condition to making distributions. Should we be unable to satisfy any such restrictions, we will be prohibited from making cash distributions to you notwithstanding our stated cash distribution policy. Our $300 million credit facility will not contain any such restrictions, although we will pay any amounts then due and payable under such agreement or any other indebtedness agreement prior to making any distributions to you notwithstanding our stated cash distribution policy.

- Our general partner will have the authority to cause us 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 cash reserves could result in a reduction in cash distributions from levels we currently anticipate pursuant to our stated cash distribution policy. Our partnership agreement and our cash distribution policy do not set a limit on the amount of cash reserves that our general partner may cause us to establish.

- We are obligated under our partnership agreement to reimburse our general partner and its affiliates for all expenses incurred and payments made 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 various general, administrative and support services for us or on our behalf, and corporate overhead costs and expenses allocated to us by Dominion. Our partnership agreement provides that our general partner will determine the expenses that are allocable to us. The reimbursement of expenses and payment of fees, if any, to our general partner and its affiliates will reduce the amount of distributable cash flow 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 as well as increases in our operating or general and administrative expenses, principal and interest payments on our outstanding debt, applicable tax expenses, working capital requirements and anticipated cash needs.

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. Please read How We Make Distributions to Our Partners Adjustment to the Minimum Quarterly Distribution and Target Distribution Levels. We do not anticipate that we will make any distributions from capital surplus.

Our ability to make distributions to our unitholders depends on the performance of Cove Point and its ability to distribute cash to us. The ability of Cove Point to make distributions to us may be restricted by, among other things, the provisions of future indebtedness, applicable state limited liability company laws and other laws and regulations.

Table of Contents

Our Ability to Grow may be Dependent on Our Ability to Access External Expansion Capital

We expect to generally distribute a significant percentage of our cash from operations to our unitholders on a quarterly basis, after the establishment of cash reserves and payment of our expenses. Therefore, our growth may not be as fast as businesses that reinvest most or all of their cash to expand ongoing operations. We expect that we will rely primarily upon external financing sources, including bank borrowings and issuances of debt and equity interests, to fund our expansion capital expenditures. To the extent we are unable to finance growth externally, our cash distribution policy will significantly impair our ability to grow.

Our Minimum Quarterly Distribution

Upon completion of this offering, our partnership agreement will provide for a minimum quarterly distribution of $ per unit for each whole quarter, or $ per unit on an annualized basis. The payment of the full minimum quarterly distribution on all of the common units and subordinated units to be outstanding after completion of this offering would require us to have distributable cash flow of approximately $ million per quarter, or $ million per year. Our ability to make cash distributions at the minimum quarterly distribution rate will be subject to the factors described above under General Limitations on Cash Distributions and Our Ability to Change Our Cash Distribution Policy. The table below sets forth the amount of common units and subordinated units that will be outstanding immediately after this offering, and the distributable cash flow needed to pay the aggregate minimum quarterly distribution on all of such units for a single fiscal quarter and a four quarter period (assuming no exercise and full exercise of the underwriters option to purchase additional common units):

	No exercise of option to purchase additional common units			Full exercise of option to purchase additional common units		
		Aggregate minimum quarterly distributions			Aggregate minimum quarterly distributions	
	Number of Units	One Quarter	Annualized	Number of Units	One Quarter	Annualized
Publicly held common units		$	$		$	$
Common units held by Dominion						
Subordinated units held by Dominion						
Total		$	$		$	$

If the underwriters do not exercise their option to purchase additional common units, we will issue common units to Dominion at the expiration of the option period. If and to the extent the underwriters exercise their option to purchase additional common units, the number of common units purchased by the underwriters pursuant to such exercise will be issued to the underwriters and the remainder, if any, will be issued to Dominion. Any such units issued to Dominion will be issued for no additional consideration. Accordingly, the exercise of the underwriters option will not affect the total number of units outstanding or the amount of cash needed to pay the minimum quarterly distribution on all units.

Our general partner will initially hold the IDRs, which entitle the holder to increasing percentages, up to a maximum of 50%, of the cash we distribute in excess of $ per unit per quarter.

We expect to pay our distributions on or about the last day of each February, May, August and November to holders of record on or about the 15th day of each such month. We will adjust the quarterly distribution for the period after the closing of this offering through , 2014, based on the actual length of the period.

Subordinated Units

Dominion will initially own 100% 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

57

units are not entitled to receive any distribution from operating surplus until the common units have received the minimum quarterly distribution from operating surplus 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, all of the subordinated units will convert into an equal number of common units.

To the extent we do not pay the minimum quarterly distribution from operating surplus on our common units, our common unitholders will not be entitled to receive such payments in the future except during the subordination period. To the extent we have distributable cash flow from operating surplus in any future quarter during the subordination period in excess of the amount necessary to pay the minimum quarterly distribution to holders of our common units, we will use this excess cash to pay any distribution arrearages on common units related to prior quarters before any cash distribution is made to holders of subordinated units. Please read How We Make Distributions to Our Partners Subordination Period.

Unaudited Pro Forma Distributable Cash Flows for the Year Ended December 31, 2013 and the Twelve Months Ended June 30, 2014

If we had completed the transactions contemplated in this prospectus on January 1, 2013, our pro forma distributable cash flow for the year ended December 31, 2013 would have been approximately $47.0 million and our pro forma distributable cash flow for the twelve months ended June 30, 2014 would have been approximately $47.0 million. This amount would have been sufficient to pay the full minimum quarterly distribution on all of our common and subordinated units for each period.

The unaudited pro forma financial statements, upon which pro forma distributable cash flow is based, do not purport to present our results of operations had the transactions contemplated in this prospectus actually been completed as of the date indicated. Furthermore, distributable cash flow is a cash accounting concept, while our pro forma financial statements have been prepared on an accrual basis. We derived the amounts of pro forma distributable cash flow in the manner described in the table below. As a result, the amount of pro forma distributable cash flow should only be viewed as a general indication of the amount of distributable cash flow that we might have generated had we been formed in an earlier period.

Following the completion of this offering, we estimate that we will incur $3.0 million of incremental annual general and administrative expenses. These incremental general and administrative expenses are not reflected in our unaudited pro forma financial statements and consist of $2.0 million of expenses that we expect to incur as a result of operating as a publicly traded partnership, as well as $1.0 million for the anticipated reimbursement of expenses to our general partner or its affiliates of expenses incurred and payments made on our behalf.

Our unaudited pro forma financial statements are derived from the audited and unaudited historical financial statements of Cove Point included elsewhere in this prospectus. Our unaudited pro forma financial statements should be read together with Selected Historical and Pro Forma Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and the historical audited and unaudited financial statements of Cove Point and the notes to those statements included elsewhere in this prospectus.

Table of Contents

The following table illustrates, on a pro forma basis for the year ended December 31, 2013 and for the twelve months ended June 30, 2014, the amount of cash that would have been available for distribution to our unitholders, assuming that the transactions contemplated in this prospectus had been consummated on January 1, 2013. Certain of the adjustments reflected or presented below are explained in the footnotes to such adjustments.

Dominion Midstream Partners, LP

Unaudited Pro Forma Distributable Cash Flows

	For the Year Ended December 31, 2013	For the Twelve Months Ended June 30, 2014
	(in millions)	
Revenues[1]	$ 343.5	$ 351.8
Purchased gas[1]	91.7	97.4
Other operations and maintenance	27.9	35.1
Depreciation and amortization	31.7	31.3
Other taxes	21.1	22.1
Net income including the non-controlling interest	171.1	165.9
Adjustments:		
Depreciation and amortization	31.7	31.3
EBITDA	202.8	197.2
Adjustments to cash:		
Plus: Renegotiated contract payments[2]	3.4	0.3
Less: Maintenance capital expenditures[3]	(7.8)	(10.8)
Less: Expansion capital expenditures[3]	(286.8)	(426.7)
Plus: Net proceeds from this offering to fund capital expenditures[4]	324.4	324.4
Less: Net proceeds from this offering to be used to fund future capital expenditures[4]	(29.8)	
Plus: Contributions from Dominion to fund capital expenditures[3][4][5]		113.1
Cash available to Dominion Midstream and non-controlling interest	206.2	197.5
Cash attributable to non-controlling interest[5][6]	156.2	147.5
Distributable cash flow to Dominion Midstream[6]	50.0	50.0
Incremental general and administrative expenses of Dominion Midstream[7]	3.0	3.0
Estimated distributable cash flow by Dominion Midstream	$ 47.0	$ 47.0

Distributions to public common unitholders	
Distributions to Dominion	
Common units	
Subordinated units	
Total distributions	
Aggregate Minimum Quarterly Distribution (MQD)	
Excess cash available for distribution above MQD	
% Excess cash available for distribution above MQD	

(1) Purchased gas expense represents the value of natural gas fuel retained from our existing customers for use in routine operations ($14.6 million for the year ended December 31, 2013 and $17.3 million for the twelve months ended June 30, 2014) and the cost of LNG cooling cargo purchases ($77.1 million for the year ended December 31, 2013 and $80.1 million for the twelve months ended June 30, 2014). Increases

or decreases in purchased gas expenses are offset by corresponding increases or decreases in revenues and are thus financially neutral to Cove Point. The LNG cooling cargo purchases are required for Cove Point to maintain the cryogenic readiness of the Cove Point LNG Facility. Each year, one or two LNG cargos are procured and are billed to our Import Shippers pursuant to certain provisions in our FERC Gas Tariff. Please read Risk Factors Risks Inherent in Our Investment in Cove Point.

(2) Cove Point renegotiated certain import-related contracts that resulted, and will result, in annual payments in the years 2013 through 2017 totaling approximately $50 million. This is to adjust for the difference between cash received and revenue recognized.

(3) Reflects maintenance capital expenditures on the Cove Point LNG Facility and Cove Point Pipeline to maintain Cove Point s long-term operating capacity and operating income and expansion capital expenditures, primarily for the Liquefaction Project, made to increase Cove Point s long-term operating capacity and operating income whether through construction or acquisitions. Dominion has indicated that it intends to provide the funding necessary for the maintenance and expansion capital expenditures for both the existing Cove Point LNG Facility and Cove Point Pipeline and the Liquefaction Project, but is under no obligation to do so.

(4) Net proceeds from this offering contributed to Cove Point will be utilized to fund capital expenditures with any excess of net proceeds from this offering over capital expenditures for the period to be used to fund capital expenditures in future periods. Contributions from Dominion are expected to be utilized for any capital expenditures for the period in excess of the net proceeds from this offering.

(5) Contributions from Dominion to fund capital expenditures include any cash attributable to non-controlling interest (which represents interest in Cove Point attributable to Dominion) which we may cause Cove Point, as necessary, to utilize to fund capital expenditures in lieu of a distribution to Dominion.

(6) The Preferred Equity Interest is a perpetual, non-convertible preferred equity interest entitled to the first $50.0 million of annual cash distributions made by Cove Point. Any excess in cash available over the $50 million is attributable to the non-controlling interest but not available for distribution until the distribution reserve has been fully funded.

(7) Includes $2.0 million of incremental selling, general and administrative expenses that we expect to incur as a result of operating as a publicly traded partnership and $1.0 million for the anticipated reimbursement of expenses to our general partner and its affiliates of all expenses incurred and payments made on our behalf.

Estimated Distributable Cash Flow for the Twelve Months Ending September 30, 2015

Set forth below is a statement of estimated distributable cash flow that reflects a forecast of our ability to generate sufficient cash to make the minimum quarterly distribution on all of our outstanding limited partner units for the twelve months ending September 30, 2015, based on assumptions we believe to be reasonable. These assumptions include adjustments giving effect to this offering.

Our estimated distributable cash flow reflects our judgment as of the date of this prospectus of conditions we expect to exist and the course of action we expect to take during the twelve month period ending September 30, 2015. The assumptions disclosed under Assumptions and Considerations below are those that we believe are significant to our ability to generate such estimated distributable cash flow. We believe our actual results of operations and cash flows for the twelve months ending September 30, 2015 will be sufficient to generate our estimated distributable cash flow for such period; however, we can give you no assurance that such estimated distributable cash flow will be achieved. There will likely be differences between our estimated distributable cash flow for the twelve months ending September 30, 2015 and our actual results for such period, and those differences could be material. If we fail to generate the estimated distributable cash flow for the twelve months ending September 30, 2015, we may not be able to pay cash distributions on our common units at the minimum quarterly distribution rate or at any rate.

We do not as a matter of course make public projections as to future sales, earnings, or other results. However, the management of Dominion Midstream has prepared the prospective financial information set forth below to substantiate our belief that we will have sufficient cash available to make the minimum quarterly distribution to our unitholders for the twelve months ending September 30, 2015. The accompanying prospective financial information was not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of management, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management s knowledge and belief, the expected course of action and the expected future financial performance of Dominion Midstream. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this prospectus are cautioned not to place undue reliance on the prospective financial information.

Neither our independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The assumptions and estimates underlying the prospective financial information are inherently uncertain and, though considered reasonable by the management of Dominion Midstream as of the date of this prospectus, are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the prospective financial information, including, among others, risks and uncertainties. Please read Risk Factors. Accordingly, there can be no assurance that the prospective results are indicative of future performance or that actual results will not differ materially from those presented in the prospective financial information. Inclusion of the prospective financial information in this prospectus should not be regarded as a representation by any person that the results contained in the prospective financial information will be achieved.

We do not generally publish our business plans and strategies or make external disclosures of our anticipated financial position or results of operations. Accordingly, we do not intend to update or otherwise revise the prospective financial information to reflect circumstances existing since the date of this prospectus or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, we do not intend to update or revise the prospective financial information to reflect changes in general economic or industry conditions.

Additional information relating to the principal assumptions used in preparing the projections is set forth below under Assumptions and Considerations. The narrative descriptions of our assumptions in Assumptions and Considerations generally compare our estimated distributable cash flow for the twelve months ending September 30, 2015 with the unaudited pro forma distributable cash flows for the year ended December 31, 2013 and for the twelve months ended June 30, 2014 presented under Pro Forma Distributable Cash Flows for the Year Ended December 31, 2013 and the Twelve Months Ended June 30, 2014.

Our estimated distributable cash flow for the twelve months ending September 30, 2015 and the estimated financial results of Cove Point from which it is derived, may not be indicative of our results of operation for periods after the forecast period. The primary reasons Cove Point s results for the forecast period may not be representative of results for periods after the forecast include: (i) the expiration of Statoil s contract with Cove Point in 2017 (which will reduce Cove Point s net income and EBITDA), (ii) the requirement for Cove Point to file its next rate case for new jurisdictional rates effective January 1, 2017 (which may result in a change in such rates), and (iii) Cove Point s expected completion of the Liquefaction Project in late 2017 (which we expect will substantially increase Cove Point s net income and EBITDA).

Please read Risk Factors for a discussion of various factors that could materially affect Dominion Midstream s financial condition and results of operations.

Table of Contents

Dominion Midstream Partners, LP

Estimated Distributable Cash Flow (Unaudited)

	Twelve Months Ending September 30, 2015	Forecast Three Months Ending December 31, 2014	March 31, 2015	June 30, 2015	September 30, 2015
	(in millions)				
Revenues[1]	$ 305.5	$ 105.2	$ 66.7	$ 66.8	$ 66.8
Purchased gas[1]	53.1	42.1	3.6	3.7	3.7
Other operations and maintenance	28.9	7.4	6.9	7.1	7.5
Depreciation and amortization	31.6	7.9	7.9	7.9	7.9
Other taxes	23.6	6.0	5.9	5.8	5.9
Net income including the non-controlling interest	168.3	41.8	42.4	42.3	41.8
Adjustments:					
Depreciation and amortization	31.6	7.9	7.9	7.9	7.9
EBITDA	199.9	49.7	50.3	50.2	49.7
Adjustments to cash:					
Plus: Other taxes[2]	0.2	6.0	3.6	5.8	(15.2)
Plus: Renegotiated contract payments[3]	0.3	(3.2)	(3.2)	(3.2)	9.9
Less: Maintenance capital expenditures[4]	(6.4)	(2.1)	(0.4)	(1.7)	(2.2)
Less: Expansion capital expenditures[5]	(1,376.1)	(318.9)	(321.9)	(372.6)	(362.7)
Plus: Net proceeds from this offering to fund capital expenditures[5]	324.4	324.4			
Less: Net proceeds from this offering to be used to fund future capital expenditures[5]		(3.4)	3.4		
Plus: Contributions from Dominion to fund capital expenditures[6][7][8]	1,058.1		318.9	374.3	364.9
Cash available to Dominion Midstream and non-controlling interest	200.4	52.5	50.7	52.8	44.4
Cash attributable to non-controlling interest[6][7]	150.4	40.0	38.2	40.3	31.9
Distributable cash flow to Dominion Midstream[7]	50.0	12.5	12.5	12.5	12.5

Incremental general and administrative expenses of Dominion Midstream[8]	3.0	0.8	0.8	0.8	0.8
Estimated distributable cash flow by Dominion Midstream	$ 47.0	$ 11.8	$ 11.8	$ 11.8	$ 11.8
Distributions to public common unitholders					
Distributions to Dominion					
Common Units					
Subordinated Units					
Total distributions					
Aggregate MQD					
Excess cash available for distribution above MQD					
% Excess cash available for distribution above MQD					
Note: Figures may not add due to rounding.					

62

(1) Purchased gas expense represents the value of natural gas fuel retained from our existing customers for use in routine operations ($14.6 million for twelve months ending September 30, 2015) and the cost of LNG cooling cargo purchases ($38.5 million for twelve months ending September 30, 2015). Increases or decreases in purchased gas expenses are offset by corresponding increases or decreases in revenues and are thus financially neutral to Cove Point. The LNG cooling cargo purchases are required for Cove Point to maintain the cryogenic readiness of the Cove Point LNG Facility. Each year, one or two LNG cargos are procured and are billed to our Import Shippers pursuant to certain provisions in our FERC Gas Tariff. Please read Risk Factors Risks Inherent in Our Investment in Cove Point.

(2) Adjustment to reflect the timing difference between cash paid for property taxes and the amount recognized into expense.

(3) Cove Point renegotiated certain import-related contracts that resulted, and will result, in annual payments in the years 2013 through 2017 totaling approximately $50 million. This is to adjust for the difference between cash received and revenue recognized in each period presented above.

(4) Reflects maintenance capital expenditures on the Cove Point LNG Facility and Cove Point Pipeline to maintain Cove Point s long-term operating capacity and operating income and expansion capital expenditures, primarily for the Liquefaction Project, made to increase Cove Point s long-term operating capacity and operating income whether through construction or acquisitions. Dominion has indicated that it intends to provide the funding necessary for the maintenance and expansion capital expenditures for both the existing Cove Point LNG Facility and Cove Point Pipeline and the Liquefaction Project, but is under no obligation to do so.

(5) Net proceeds from this offering contributed to Cove Point will be utilized to fund capital expenditures with any excess of net proceeds from this offering over capital expenditures for the period to be used to fund capital expenditures in future periods. Contributions from Dominion are expected to be utilized for any capital expenditures for the period in excess of the net proceeds from this offering.

(6) Contributions from Dominion to fund capital expenditures include any cash attributable to non-controlling interest (which represents interest in Cove Point attributable to Dominion) which we may cause Cove Point, as necessary, to utilize to fund capital expenditures in lieu of a distribution to Dominion.

(7) The Preferred Equity Interest is a perpetual, non-convertible preferred equity interest entitled to the first $50.0 million of annual cash distributions made by Cove Point. Any excess in cash available over the $50 million is attributable to the non-controlling interest but not available for distribution until the distribution reserve has been fully funded. We expect Cove Point will be able to pay the $12.5 million with respect to each quarter during the twelve month period ending September 30, 2015. In addition, the Preferred Equity Interest is entitled to % share of Cove Point s annual Modified Net Operating Income in excess of $ million. We do not expect Cove Point s annual Modified Net Operating Income to exceed this threshold until completion of the Liquefaction Project.

(8) Includes $2.0 million of incremental selling, general and administrative expenses that we expect to incur as a result of operating as a publicly traded partnership and $1.0 million for the anticipated reimbursement of expenses to our general partner and its affiliates for all expenses incurred and payments made on our behalf.

Significant Forecast Assumptions

The forecast has been prepared by and is the responsibility of Dominion Midstream s management. The forecast reflects our judgment as of the date of this prospectus of conditions we expect to exist and the course of action we expect to take during the twelve months ending September 30, 2015. While the assumptions discussed below are not all-inclusive, they include those that we believe are material to our forecasted results of operations, and any assumptions not discussed below were not deemed to be material. We believe we have a reasonable, objective basis for these assumptions. We believe our actual results of operations will approximate those reflected in our forecast, but we can give no assurance that our forecasted results will be achieved. There will likely be differences between our forecast and our actual results and those differences could be material. If the forecasted results are not achieved, we may not be able to make cash distributions on our common units at the minimum quarterly distribution rate or at all.

Assumptions and Considerations

Distributable Cash Flow

We believe that our distributable cash flow for the twelve months ending September 30, 2015 will not be less than $47.0 million. This amount of estimated distributable cash flow is equal to the distributable cash flow we would have generated for the year ended December 31, 2013 and the twelve months ended June 30, 2014.

Net Operating Income

The Preferred Equity Interest is entitled to the first $50.0 million of annual cash distributions made by Cove Point so long as Cove Point has sufficient cash and undistributed Net Operating Income (determined on a cumulative basis from the closing of this offering) from which to make Preferred Return Distributions. Net Operating Income is Cove Point s gross revenues from operations minus its interest expense and operating expenses, but excluding depreciation and amortization, as determined for U.S. federal income tax purposes. For the twelve months ending September 30, 2015, we do not expect Cove Point s Net Operating Income to differ materially from Cove Point s EBITDA.

Forecast Assumptions Related to Cove Point

Revenues and Purchased Gas Expense

Purchased gas expense includes the value of natural gas fuel retained for use in routine operations and the cost of LNG cooling cargo purchases. LNG cooling cargo purchases are required for Cove Point to maintain the cryogenic readiness of the Cove Point LNG Facility. Each year, one or two LNG cargos are procured, which we have assumed for the purpose of this forecast will occur in the fourth quarter of 2014. Pursuant to certain provisions in its FERC Gas Tariff, the procurement of natural gas and LNG is financially neutral to Cove Point as an increase or decrease in purchased gas expense is offset by corresponding increases or decreases in other revenues. The revenue net of purchased gas for the twelve months ending September 30, 2015 is projected to be approximately $252.4 million, compared with revenue net of purchased gas of $254.4 million and $251.8 million for the twelve months ended June 30, 2014 and for the year ended December 31, 2013, respectively. Based on our assumptions for the twelve months ending September 30 2015, we expect substantially all of our forecasted net revenue (approximately $240 million) will be generated by reservation charges for import, transportation, and peaking services. We expect additional net revenue to be generated from the annual payments from renegotiated import-related contracts, as well as amounts from other fees and interruptible transportation services.

Other Operations and Maintenance Expenses

Other operations and maintenance expenses include labor expenses, repairs and maintenance expenses, security costs, utility costs, insurance premiums and general and administrative expenses. We estimate Cove Point will incur other operations and maintenance expense of $28.9 million for the twelve months ending September 30, 2015, of which $7.5 million would be classified as general and administrative expense. This is compared with $35.1 million for the twelve months ended June 30, 2014, of which $7.0 million would be classified as general and administrative expenses and includes $7.5 million of nonrecurring public outreach costs for the Liquefaction Project, and $27.9 million for the year ended December 31, 2013, of which $6.8 million would have been classified as general and administrative expenses. The increase, absent the nonrecurring public outreach costs, in forecasted operations and maintenance expenses is driven by additional labor expenses.

Depreciation and Amortization Expense

Depreciation and amortization expense is projected to remain approximately $31.6 million for the twelve months ending September 30, 2015, consistent with the amounts recorded for the twelve months ended June 30, 2014 and the year ended December 31, 2013.

Table of Contents

Taxes Other than Income Tax

Other tax expenses are projected to be approximately $23.6 million for the twelve months ending September 30, 2015, as compared to $22.1 million and $21.1 million for the twelve months ended June 30, 2014 and the year ended December 31, 2013, respectively. These taxes relate primarily to property taxes paid by Cove Point with the increase attributable to pipeline infrastructure projects.

Capital Expenditures

Total capital expenditures, including capital for the Liquefaction Project, for the twelve months ending June 30, 2015 are projected to be $1,382.5 million, compared with capital expenditures of $437.5 million and $294.6 million for the twelve months ended June 30, 2014 and the year ended December 31, 2013, respectively. This projection is based on the following assumptions:

Maintenance capital expenditures. We estimate that our maintenance capital expenditures will be $6.4 million for the twelve months ending September 30, 2015. These maintenance capital expenses are associated with routine spending to maintain our long-term operating capacity and cash flows at the existing Cove Point LNG Facility. Maintenance capital expenditures were $10.8 million and $7.8 million for the twelve months ended June 30, 2014 and year ended December 31, 2013, respectively. Our estimates of future maintenance capital expenditures are based on the age of Cove Point s equipment (which is relatively new for the industry in which Cove Point operates) and the load factor at which such equipment operates, each of which permits us to spread out our maintenance capital expenditures over longer periods, thereby allowing us to replace our equipment as necessary over time at a manageable cost. We expect all of these factors to persist for the foreseeable future, allowing us to maintain this level of maintenance capital expenditures with respect to our existing assets.

Expansion capital expenditures. We estimate that our expansion capital expenditures will be $1,376.1 million for the twelve months ending September 30, 2015, primarily associated with the Liquefaction Project. Also included in this amount is $8.4 million for expansion of capacity on the Cove Point Pipeline to serve new gas-fired power generation. Expansion capital expenditures were $426.7 million and $286.8 million for the twelve months ended June 30, 2014 and year ended December 31, 2013, respectively. These expenditures were primarily related to the construction of the Liquefaction Project. The Liquefaction Project is expected to start commercial operations by the end of 2017. Total costs associated with the development and construction of the Liquefaction Project are estimated to be between $3.4 billion and $3.8 billion, excluding associated financing costs. The forecast for the twelve-month period ending September 30, 2015 includes expansion capital expenditures, excluding financing costs, of $1.4 billion for the Liquefaction Project, with a cumulative amount incurred of $2.1 billion which would represent 59% of total expected expansion capital expenditures assuming the mid-point of the expected range for the Liquefaction Project. These expenditures include many of the Liquefaction Project s early construction costs including the costs associated with permitting and regulatory approval; site mobilization and preparation work; engineering and the procurement and delivery of significant equipment. Furthermore, initial construction of the Liquefaction Project will commence during this time period, including site foundation work and structural steel erection.

While significant expansion and maintenance capital expenditures will be incurred by Cove Point, we do not anticipate these cash needs to impair Cove Point s ability to pay Preferred Return Distributions. Dominion is the owner of all of the common equity interests in Cove Point and has indicated that it intends to provide the funding necessary for the maintenance and expansion capital expenditures for both the existing Cove Point LNG Facility and Cove Point Pipeline and the Liquefaction Project, but is under no obligation to do so. We intend to cause Cove Point to use the net proceeds contributed to it in connection with this offering to fund a portion of development and construction costs associated with the Liquefaction Project.

Table of Contents

Financing

We estimate that there will be no interest expense for the twelve months ending September 30, 2015 at Cove Point, as we expect no debt to be incurred by Cove Point.

Regulatory, Industry and Economic Factors

Our forecast of Cove Point s results of operations for the twelve months ending September 30, 2015 is based on the following assumptions during such period related to regulatory, industry and economic factors:

There will not be any new federal, state, or local regulations affecting our operations or those of our customers, or any new interpretations of existing regulations, that will be materially adverse to our or Cove Point s business.

There will not be any major adverse changes affecting our operations or those of Cove Point s customers.

There will not be any material accidents, weather-related incidents, unscheduled downtime or similar unanticipated events with respect to Cove Point s facilities or those of third parties on which Cove Point depends.

Industry, insurance and overall economic conditions will not change substantially.

There will not be any material nonperformance by Cove Point s customers.

Forecast Assumptions Related to Dominion Midstream

General and Administrative Expenses

We estimate that Dominion Midstream s total general and administrative expenses will be $3.0 million for the twelve months ending September 30, 2015. We expect that approximately $2.0 million of this expense will consist of forecasted incremental annual expenses as a result of being a publicly traded partnership, and $1.0 million for the anticipated reimbursement of expenses to our general partner and its affiliates of expenses incurred and payments made on our behalf.

Capital Expenditures

We estimate there will be no expansion or maintenance capital expenditures at Dominion Midstream as the only asset included within Dominion Midstream at inception will be the Preferred Equity Interest.

Financing

We estimate that there will be no interest expense for the twelve months ending September 30, 2015 at Dominion Midstream. We do not anticipate drawing any amounts under our revolving credit facility or issuing any other debt instrument during the forecast period.

Table of Contents

HOW WE MAKE DISTRIBUTIONS TO OUR PARTNERS

General

Cash Distribution Policy

Our partnership agreement provides that our general partner will make a determination as to whether to make a distribution, but our partnership agreement does not require us to pay distributions at any time or in any amount. Instead, the board of directors of our general partner will adopt a cash distribution policy to be effective as of the closing of this offering that will set forth our general partner s intention with respect to the distributions to be made to unitholders. Pursuant to our cash distribution policy, within 60 days after the end of each quarter, beginning with the quarter ending , 2014, we intend to distribute to the holders of common and subordinated units on a quarterly basis at least the minimum quarterly distribution of $ per unit, or $ on an annualized basis, to the extent we have sufficient cash after establishment of cash reserves and payment of fees and expenses, including payments to our general partner and its affiliates. We will prorate the quarterly distribution for the period after the closing of this offering through , 2014.

The board of directors of our general partner may change the foregoing distribution policy at any time and from time to time, and even if our cash distribution policy is not modified or revoked, the amount of distributions paid under our policy and the decision to make any distribution is determined by our general partner. Our partnership agreement does not contain a requirement for us to pay distributions to our unitholders, and there is no guarantee that we will pay the minimum quarterly distribution, or any distribution, on the units in any quarter. However, our partnership agreement does contain provisions intended to motivate our general partner to make steady, increasing and sustainable distributions over time.

Set forth below is a summary of the significant provisions of our partnership agreement that relate to cash distributions.

Operating Surplus and Capital Surplus

General

Any distributions we make will be characterized as made from operating surplus or capital surplus. Distributions from operating surplus are made differently than cash distributions that we would make from capital surplus. Operating surplus distributions will be made to our unitholders and, if we make quarterly distributions above the first target distribution level described below, to the holder of our IDRs. We do not anticipate that we will make any distributions from capital surplus. In such an event, however, any capital surplus distribution would be made pro rata to all unitholders, but the IDRs would generally not participate in any capital surplus distributions with respect to those rights. Any distribution from capital surplus would result in a reduction of the minimum quarterly distribution and target distribution levels and, if we reduce the minimum quarterly distribution to zero and eliminate any unpaid arrearages, thereafter capital surplus would be distributed as if it were operating surplus and the IDRs would thereafter be entitled to participate in such distributions. Please read Distributions from Capital Surplus. In determining operating surplus and capital surplus, we will only take into account our proportionate share of our consolidated subsidiaries that are not wholly-owned, such as Cove Point.

Operating Surplus

We define operating surplus as:

$ million (as described below); plus

all of our cash receipts after the closing of this offering, excluding cash from interim capital transactions (as defined below), provided that cash receipts from the termination of any hedge contract prior to its stipulated settlement or termination date will be included in equal quarterly installments over the remaining scheduled life of such hedge contract had it not been terminated; plus cash distributions paid in respect of equity issued (including incremental distributions on IDRs), other than equity issued in this offering, to finance all or a portion of expansion capital expenditures in respect of the period that commences when we enter into a binding obligation for the acquisition, construction, development or expansion and ending on the earlier to occur of the date of any acquisition, construction, development or expansion commences commercial service and the date that it is disposed of or abandoned; plus

cash distributions paid in respect of equity issued (including incremental distributions on IDRs) to pay the construction period interest on debt incurred, or to pay construction period distributions on equity issued, to finance the expansion capital expenditures referred to above, in each case, in respect of the period that commences when we enter into a binding obligation for the acquisition, construction, development or expansion and ending on the earlier to occur of the date of any acquisition, construction, development or expansion that commences commercial service and the date that it is disposed of or abandoned; less

all of our operating expenditures (as defined below) after the closing of this offering; less

the amount of cash reserves established by our general partner to provide funds for future operating expenditures; less

all working capital borrowings not repaid within twelve months after having been incurred or repaid within such twelve month period with the proceeds of additional working capital borrowings; less

any cash loss realized on disposition of an investment capital expenditure.

Disbursements made, cash received (including working capital borrowings) or cash reserves established, increased or reduced after the end of a period but on or before the date on which cash or cash equivalents will be distributed with respect to such period shall be deemed to have been made, received, established, increased or reduced, for purposes of determining operating surplus, within such period if our general partner so determines. Cash received from Cove Point or from our interest in any entity for which we account using the equity method will not be included to the extent it exceeds our proportionate share of such entity s operating surplus (calculated as if the definition of operating surplus applied to such entity from the date of our acquisition of such an interest without any basket similar to that described in the first bullet above). Operating surplus does not reflect cash generated by our operations. For example, it includes a basket of $ million that will enable us, if we choose, to distribute as operating surplus cash we receive in the future from non-operating sources such as asset sales, issuances of securities and long-term borrowings that would otherwise be distributed as capital surplus. In addition, the effect of including, as described above, certain cash distributions on equity interests in operating surplus will be to increase operating surplus by the amount of any such cash distributions. As a result, we may also distribute as operating surplus up to the amount of any such cash that we receive from non-operating sources.

The proceeds of working capital borrowings increase operating surplus and repayments of working capital borrowings are generally operating expenditures, as described below, and thus reduce operating surplus when made. However, if a working capital borrowing is not repaid during the twelve-month period following the borrowing, it will be deducted from operating surplus at the end of such period, thus decreasing operating surplus at such time. When such working capital borrowing is in fact repaid, it will be excluded from operating expenditures because operating surplus will have been previously reduced by the deduction.

We define operating expenditures in our partnership agreement, and it generally means all of our cash expenditures, including, but not limited to, taxes, reimbursement of expenses to our general partner or its affiliates, payments made under hedge contracts (provided that (1) with respect to amounts paid in connection with the initial purchase of a hedge contract, such amounts will be amortized over the life of the applicable hedge contract and (2) payments made in connection with the termination of any hedge contract prior to the expiration of its stipulated settlement or termination date will be included in operating expenditures in equal quarterly

Table of Contents

installments over the remaining scheduled life of such hedge contract), officer compensation, repayment of working capital borrowings, interest on indebtedness and capital expenditures (as discussed in further detail below), provided that operating expenditures will not include:

- repayment of working capital borrowings deducted from operating surplus pursuant to the penultimate bullet point of the definition of operating surplus above when such repayment actually occurs;
- payments (including prepayments and prepayment penalties and the purchase price of indebtedness that is repurchased and cancelled) of principal of and premium on indebtedness, other than working capital borrowings;
- expansion capital expenditures;
- investment capital expenditures;
- payment of transaction expenses relating to interim capital transactions;
- distributions to our partners (including distributions in respect of our IDRs);
- repurchases of equity interests except to fund obligations under employee benefit plans; or
- any other expenditures or payments using the proceeds of this offering that are described in Use of Proceeds.

Capital Surplus

Capital surplus is defined in our partnership agreement as any cash distributed in excess of our operating surplus. Accordingly, capital surplus would generally be generated only by the following (which we refer to as ***interim capital transactions***):

- borrowings (including sales of debt securities) other than working capital borrowings;
- sales of our equity interests; and
- sales or other dispositions of assets for cash, other than inventory, accounts receivable and other assets sold in the ordinary course of business or as part of normal retirement or replacement of assets.

Characterization of Cash Distributions

Our partnership agreement provides that we treat all cash distributed as coming from operating surplus until the sum of all cash distributed since the closing of this offering (other than any distributions of proceeds of this offering) equals the operating surplus from the closing of this offering. Our partnership agreement provides that we treat any amount distributed in excess of operating surplus, regardless of its source, as distributions of capital surplus.

Capital Expenditures

Maintenance capital expenditures reduce operating surplus, but expansion capital expenditures and investment capital expenditures do not. 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 operating income. Examples of maintenance capital expenditures are expenditures to refurbish and replace pipelines, terminals and storage facilities, to maintain equipment reliability, integrity and safety and to address environmental laws and regulations.

Expansion capital expenditures are those cash expenditures, including transaction expenses, made to increase our capacity or operating income over the long term. Examples of expansion capital expenditures include the acquisition of equipment, the development of a new facility or the expansion of an existing facility, in each case, to the extent such expenditures are expected to expand our long-term operating capacity or increase our operating income. Expansion capital expenditures will also include interest (and related fees) on debt incurred and distributions on equity issued (including incremental distributions on IDRs) to finance all or any portion of such acquisition, construction, development or expansion in respect of the period that commences when we enter into a binding obligation for the acquisition, construction, development or expansion and ending on the earlier to occur of the date any acquisition, construction, development or expansion commences commercial service and the date that it is disposed of or abandoned. Expenditures made solely for investment purposes will not be considered expansion capital expenditures.

Investment capital expenditures are those capital expenditures, including transaction expenses that are neither maintenance capital expenditures nor expansion capital expenditures. Investment capital expenditures largely will consist of capital expenditures made for investment purposes. Examples of investment capital expenditures include traditional capital expenditures for investment purposes, such as purchases of securities, as well as other capital expenditures that might be made in lieu of such traditional investment capital expenditures, such as the acquisition of an asset for investment purposes or development of assets that are in excess of the maintenance of our existing capacity or operating income, but which are not expected to expand, for more than the short term, our capacity or operating income.

As described above, neither investment capital expenditures nor expansion capital expenditures are operating expenditures, and thus will not reduce operating surplus. Because expansion capital expenditures include interest payments (and related fees) on debt incurred to finance all or a portion of an acquisition, development or expansion in respect of a period that begins when we enter into a binding obligation for an acquisition, construction, development or expansion and ending on the earlier to occur of the date on which such acquisition, construction, development or expansion commences commercial service and the date that it is abandoned or disposed of, such interest payments also do not reduce operating surplus. Losses on disposition of an investment capital expenditure will reduce operating surplus when realized and cash receipts from an investment capital expenditure will be treated as a cash receipt for purposes of calculating operating surplus only to the extent the cash receipt is a return on principal.

Cash expenditures that are made in part for maintenance capital purposes, investment capital purposes or expansion capital purposes will be allocated as maintenance capital expenditures, investment capital expenditures or expansion capital expenditures by our general partner.

Subordination Period

General

Our partnership agreement provides that, during the subordination period (which we describe below), the common units will have the right to receive distributions from operating surplus each quarter in an amount equal to $ per common unit, which amount is defined in our partnership agreement as the minimum quarterly distribution, plus any arrearages in the payment of the minimum quarterly distribution on the common units from prior quarters, before any distributions from operating surplus may be made on the subordinated units. These units are deemed subordinated because for a period of time, referred to as the subordination period, the subordinated units will not be entitled to receive any distribution from operating surplus for any quarter until the common units have received the minimum quarterly distribution from operating surplus for such quarter plus any arrearages in the payment of the minimum quarterly distribution from prior quarters. Furthermore, no arrearages will be paid on the subordinated units. The practical effect of the subordinated units is to increase the likelihood that during the subordination period there will be sufficient cash from operating surplus to pay the minimum quarterly distribution on the common units.

Determination of Subordination Period

The subordination period will begin on the closing date of this offering and end when we satisfy one of the three tests set forth in our partnership agreement.

Table of Contents

The first test would be satisfied as of the first business day after the distribution to unitholders in respect of any quarter, beginning with the quarter ending June 30, 2018, if each of the following has occurred:

- for each of the three consecutive, non-overlapping four-quarter periods immediately preceding that date, aggregate distributions from operating surplus equaled or exceeded the aggregate minimum quarterly distribution on the outstanding common and subordinated units for each four-quarter period;

- for the same three consecutive, non-overlapping four quarter periods, the adjusted operating surplus (as described below) equaled or exceeded the aggregate minimum quarterly distribution on the outstanding common and subordinated units on a fully diluted weighted average basis for each four-quarter period; and

- there are no arrearages in payment of the minimum quarterly distribution on the common units.

The second test would be satisfied if each of the following has occurred:

- the Liquefaction Project commences commercial service, meaning Cove Point has obtained all approvals necessary to construct and operate the Liquefaction Project, completed and commissioned the Liquefaction Project and is able to provide the services it has agreed to provide under the export contracts;

- for each of the two consecutive, non-overlapping four-quarter periods ending on December 31, 2016, aggregate distributions from operating surplus equaled or exceeded the aggregate minimum quarterly distribution on the outstanding common and subordinated units for each four-quarter period;

- for the same two consecutive, non-overlapping four-quarter periods, the adjusted operating surplus (as described below) equaled or exceeded the aggregate minimum quarterly distribution on the outstanding common and subordinated units on a fully diluted weighted average basis for each four-quarter period;

- for each completed quarter commencing after December 31, 2016, aggregate distributions from operating surplus equaled or exceeded the aggregate minimum quarterly distribution on the outstanding common and subordinated units in each such quarter; and

- there are no arrearages in payment of the minimum quarterly distribution on the common units.

The third test would be satisfied as of the first business day after the distribution to unitholders in respect of any quarter, beginning with the quarter ending June 30, 2018, if each of the following has occurred:

for one four-quarter period immediately preceding that date, aggregate distributions from operating surplus exceeded 150.0% of the aggregate minimum quarterly distribution on the outstanding common units and subordinated units for such four-quarter period;

for the same four-quarter period, the adjusted operating surplus (as described below) equaled or exceeded 150.0% of the aggregate minimum quarterly distribution on the outstanding common and subordinated units during each quarter on a fully diluted weighted average basis, plus the related distribution on the IDRs; and

there are no arrearages in payment of the minimum quarterly distributions on the common units.

For the period after closing of this offering through , 2014, our partnership agreement will prorate the minimum quarterly distribution based on the actual length of the period, and use such prorated distribution for all purposes, including in determining whether there are any arrearages in payment of the minimum quarterly distribution on the common units.

When the subordination period ends, all subordinated units will convert into common units on a one-for-one basis and will then participate pro rata with the other common units in distributions, and all common units will thereafter no longer be entitled to arrearages.

Table of Contents

Conversion upon Removal of the General Partner

In addition, if the unitholders remove our general partner other than for cause, the subordinated units held by any person will immediately and automatically convert into common units on a one-for-one basis, provided (1) neither such person nor any of its affiliates voted any of its units in favor of the removal and (2) such person is not an affiliate of the successor general partner.

Adjusted Operating Surplus

Adjusted operating surplus is intended generally to reflect the cash generated from operations during a particular period and therefore excludes net increases in working capital borrowings and net drawdowns of reserves of cash generated in prior periods if not utilized to pay expenses during that period. Adjusted operating surplus for any period consists of:

- operating surplus generated with respect to that period (excluding any amounts attributable to the items described in the first bullet point under Operating Surplus and Capital Surplus Operating Surplus above); less

- any net increase during that period in working capital borrowings; less

- any net decrease during that period in cash reserves for operating expenditures not relating to an operating expenditure made during that period; less

- any expenditures that are not operating expenditures solely because of the provision described in the last bullet point describing operating expenditures above; plus

- any net decrease during that period in working capital borrowings; plus

- any net increase during that period in cash reserves for operating expenditures required by any debt instrument for the repayment of principal, interest or premium; plus

- any net decrease made in subsequent periods in cash reserves for operating expenditures initially established during such period to the extent such decrease results in a reduction of adjusted operating surplus in subsequent periods pursuant to the third bullet point above.

Any disbursements received, cash received (including working capital borrowings) or cash reserves established, increased or reduced after the end of a period that the general partner determines to include in operating surplus for such period shall also be deemed to have been made, received or established, increased or reduced in such period for purposes of determining adjusted operating surplus for such period.

Distributions from Operating Surplus during the Subordination Period

If we make a distribution from operating surplus for any quarter ending before the end of the subordination period, our partnership agreement requires that we make the distribution in the following manner:

- *first*, to the common unitholders, pro rata, until we distribute for each common unit an amount equal to the minimum quarterly distribution for that quarter and any arrearages in payment of the minimum quarterly distribution on the common units for any prior quarters;

- *second*, to the subordinated unitholders, pro rata, until we distribute for each subordinated unit an amount equal to the minimum quarterly distribution for that quarter; and

- *thereafter*, in the manner described in Incentive Distribution Rights below.

Distributions from Operating Surplus after the Subordination Period

If we make distributions of cash from operating surplus for any quarter ending after the subordination period, our partnership agreement requires that we make the distribution in the following manner:

- *first*, to all common unitholders, pro rata, until we distribute for each common unit an amount equal to the minimum quarterly distribution for that quarter; and

72

thereafter, in the manner described in Incentive Distribution Rights below.

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 owns the IDRs and may in the future own common units or other equity interests in us and will be entitled to receive distributions on any such interests.

Incentive Distribution Rights

IDRs represent the right to receive increasing percentages (15.0%, 25.0% and 50.0%) of quarterly distributions from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. Our general partner currently holds the IDRs, but may transfer these rights separately from its general partner interest.

If for any quarter:

- we have distributed cash from operating surplus to the common and subordinated unitholders in an amount equal to the minimum quarterly distribution; and

- we have distributed cash from operating surplus to the common unitholders in an amount necessary to eliminate any cumulative arrearages in payment of the minimum quarterly distribution;

then we will make additional distributions from operating surplus for that quarter among the unitholders and the holders of the IDRs in the following manner:

- *first*, to all unitholders, pro rata, until each unitholder receives a total of $ per unit for that quarter (the ***first target distribution***);

- *second*, 85.0% to all common unitholders and subordinated unitholders, pro rata, and 15.0% to the holders of our IDRs, until each unitholder receives a total of $ per unit for that quarter (the ***second target distribution***);

- *third*, 75.0% to all common unitholders and subordinated unitholders, pro rata, and 25.0% to the holders of our IDRs, until each unitholder receives a total of $ per unit for that quarter (the ***third target distribution***); and

- *thereafter*, 50.0% to all common unitholders and subordinated unitholders, pro rata, and 50.0% to the holders of our IDRs.

Percentage Allocations of Distributions from Operating Surplus

The following table illustrates the percentage allocations of distributions from operating surplus between the unitholders and the holders of our IDRs based on the specified target distribution levels. The amounts set forth under the column heading Marginal Percentage Interest in Distributions are the percentage interests of the holders of our IDRs and the unitholders in any distributions from operating surplus we distribute up to and including the corresponding amount in the column Total Quarterly Distribution Per Unit. The percentage interests shown for our unitholders and the holders of our IDRs for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution. The percentage interests set forth below assume there are no arrearages on common units.

	Total Quarterly Distribution Per Unit		**Marginal Percentage Interest in Distributions**	
			Unitholders	**IDR Holders**
Minimum Quarterly Distribution	$		100.0%	0%
First Target Distribution	above $	up to $	100.0%	0%
Second Target Distribution	above $	up to $	85.0%	15.0%
Third Target Distribution	above $	up to $	75.0%	25.0%
Thereafter	above $		50.0%	50.0%

Table of Contents

IDR Holders Right to Reset Incentive Distribution Levels

Our general partner, as the holder of our IDRs, has the right under our partnership agreement to elect to relinquish the right to receive incentive distribution payments based on the initial target distribution levels and to reset, at higher levels, the target distribution levels upon which the incentive distribution payments would be set. If our general partner transfers all or a portion of the IDRs in the future, then the holder or holders of a majority of our IDRs will be entitled to exercise this right. The following discussion assumes that our general partner holds all of the IDRs at the time that a reset election is made.

The right to reset the target distribution levels upon which the incentive distributions are based may be exercised, without approval of our unitholders or the conflicts committee of our general partner, at any time when there are no subordinated units outstanding and we have made cash distributions in excess of the highest then-applicable target distribution for the prior four consecutive fiscal quarters. The reset target distribution levels will be higher than the most recent per unit distribution level prior to the reset election and higher than the target distribution levels prior to the reset such that there will be no incentive distributions paid under the reset target distribution levels until cash distributions per unit following the reset event increase as described below. Because the reset target distribution levels will be higher than the most recent per unit distribution level prior to the reset, if we were to issue additional common units after the reset and maintain the per unit distribution level, no additional incentive distributions would be payable. By contrast, if there were no such reset and we were to issue additional common units and maintain the per unit distribution level, additional incentive distributions would have to be paid based on the additional number of outstanding common units and the percentage interest of the IDRs above the target distribution levels. Thus, the exercise of the reset right would lower our cost of equity capital. We anticipate that our general partner would exercise this reset right in order to facilitate acquisitions or internal growth projects that would otherwise not be sufficiently accretive to cash distributions per common unit, taking into account the existing levels of incentive distribution payments being made.

In connection with the resetting of the target distribution levels and the corresponding relinquishment by our general partner of incentive distribution payments based on the target cash distributions prior to the reset, our general partner will be entitled to receive a number of newly issued common units based on the formula described below that takes into account the cash parity value of the cash distributions related to the IDRs for the quarter prior to the reset event as compared to the cash distribution per common unit in such quarter.

The number of common units to be issued in connection with a resetting of the minimum quarterly distribution amount and the target distribution levels would equal the quotient determined by dividing (x) the amount of cash distributions received in respect of the IDRs for the fiscal quarter ended immediately prior to the date of such reset election by (y) the amount of cash distributed per common unit with respect to such quarter.

Following a reset election, the reset minimum quarterly distribution will be calculated and the target distribution levels will be reset to be correspondingly higher such that we would make distributions from operating surplus for each quarter thereafter as follows:

first, to all common unitholders, pro rata, until each unitholder receives an amount per unit for that quarter equal to 115.0% of the reset minimum quarterly distribution;

second, 85.0% to all common unitholders, pro rata, and 15.0% to the holders of our IDRs, until each unitholder receives an amount per unit for that quarter equal to 125.0% of the reset minimum quarterly distribution;

third, 75.0% to all common unitholders, pro rata, and 25.0% to the holders of our IDRs, until each unitholder receives an amount per unit for that quarter equal to 150.0% of the reset minimum quarterly distribution; and

thereafter, 50.0% to all common unitholders, pro rata, and 50.0% to the holders of our IDRs.

Because a reset election can only occur after the subordination period expires, the reset minimum quarterly distribution will have no significance except as a baseline for the target distribution levels.

Table of Contents

The following table illustrates the percentage allocation of distributions from operating surplus between the unitholders and the holders of our IDRs at various distribution levels (1) pursuant to the distribution provisions of our partnership agreement in effect at the closing of this offering, as well as (2) following a hypothetical reset of the target distribution levels based on the assumption that the quarterly distribution amount per common unit during the fiscal quarter immediately preceding the reset election was $.

	Quarterly Distribution Per Unit Prior to Reset		Unitholders	IDR Holders	Quarterly Distribution Per Unit Following Hypothetical Reset		
Minimum Quarterly Distribution	up to $		100.0%	0.0%	up to $		(1)
First Target Distribution	above $	up to $	100.0%	0.0%	above $	up to $	(2)
Second Target Distribution	above $	up to $	85.0%	15.0%	above $	up to $	(3)
Third Target Distribution	above $	up to $	75.0%	25.0%	above $	up to $	(4)
Thereafter	above $		50.0%	50.0%	above $		

(1) This amount is equal to the hypothetical reset minimum quarterly distribution.
(2) This amount is 115.0% of the hypothetical reset minimum quarterly distribution.
(3) This amount is 125.0% of the hypothetical reset minimum quarterly distribution.
(4) This amount is 150.0% of the hypothetical reset minimum quarterly distribution.

The following table illustrates the total amount of distributions from operating surplus that would be distributed to the unitholders and the holders of our IDRs, based on the amount distributed for the quarter immediately prior to the reset. The table assumes that immediately prior to the reset there would be common units outstanding and the distribution to each common unit would be $ for the quarter prior to the reset.

	Quarterly Distribution Per Unit Prior to Reset		Cash Distributions to Common Unitholders Prior to Reset	Cash Distributions to Holders of IDRs Prior to Reset	Total Distributions
			$	$	$
Minimum Quarterly Distribution	up to $				
First Target Distribution	above $	up to $			
Second Target Distribution	above $	up to $			
Third Target Distribution	above $	up to $			
Thereafter	above $				
			$	$	$

Table of Contents

The following table illustrates the total amount of distributions from operating surplus that would be distributed to the unitholders and the holders of our IDRs, with respect to the quarter in which the reset occurs. The table reflects that as a result of the reset there would be common units outstanding and the distribution to each common unit would be $. The number of common units to be issued upon the reset was calculated by dividing (1) the amount received in respect of the IDRs for the quarter prior to the reset as shown in the table above, or $, by (2) the amount of cash distributed on each common unit for the quarter prior to the reset as shown in the table above, or $.

	Quarterly Distribution per Unit After Reset		Cash Distributions to Common Unitholders (other than IDR Holders) After Reset	Cash Distributions to Holders of IDRs After Reset			Total Distributions
				Common Units(1)	IDRs	Total	
Minimum Quarterly Distribution	up to $		$	$	$	$	$
First Target Distribution	above $	up to $					
Second Target Distribution	above $	up to $					
Third Target Distribution	above $	up to $					
Thereafter	above $						
			$	$	$	$	$

(1) Represents distributions in respect of the common units issued upon the reset.

The holders of our IDRs will be entitled to cause the target distribution levels to be reset on more than one occasion.

Distributions from Capital Surplus

How Distributions from Capital Surplus Will Be Made

Our partnership agreement requires that we make distributions from capital surplus, if any, in the following manner:

- *first*, to all common unitholders and subordinated unitholders, pro rata, until the minimum quarterly distribution is reduced to zero, as described below;

second, to the common unitholders, pro rata, until we distribute for each common unit an amount from capital surplus equal to any unpaid arrearages in payment of the minimum quarterly distribution on the common units; and

thereafter, we will make all distributions from capital surplus as if they were from operating surplus.

Effect of a Distribution from Capital Surplus

Our partnership agreement treats a distribution from capital surplus as the repayment of the initial unit price from this initial public offering, which is a return of capital. Each time a distribution from capital surplus is made, the minimum quarterly distribution and the target distribution levels will be reduced in the same proportion as the distribution from capital surplus to the fair market value of the common units immediately prior to the announcement of the distribution. Because distributions of capital surplus will reduce the minimum quarterly distribution and target distribution levels after any of these distributions are made, it may be easier for our general partner to receive incentive distributions and for the subordinated units to convert into common units. However, any distribution from capital surplus before the minimum quarterly distribution is reduced to zero cannot be applied to the payment of the minimum quarterly distribution or any arrearages.

Table of Contents

Once we reduce the minimum quarterly distribution and target distribution levels to zero, all future distributions will be made such that 50.0% is paid to all unitholders, pro rata, and 50.0% is paid to the holder or holders of our IDRs, pro rata.

Adjustment to the Minimum Quarterly Distribution and Target Distribution Levels

In addition to adjusting the minimum quarterly distribution and target distribution levels to reflect a distribution from capital surplus, if we combine our common units into fewer common units or subdivide our common units into a greater number of common units, our partnership agreement specifies that the following items will be proportionately adjusted:

- the minimum quarterly distribution;
- the target distribution levels;
- the initial unit price, as described below under Distributions of Cash Upon Liquidation;
- the per unit amount of any outstanding arrearages in payment of the minimum quarterly distribution on the common units; and
- the number of subordinated units.

For example, if a two-for-one split of the common units should occur, the minimum quarterly distribution, the target distribution levels and the initial unit price would each be reduced to 50.0% of its initial level. If we combine our common units into a lesser number of units or subdivide our common units into a greater number of units, we will combine or subdivide our subordinated units using the same ratio applied to the common units. We will not make any adjustment by reason of the issuance of additional units for cash or property.

In addition, if as a result of a change in law or interpretation thereof, we or any of our subsidiaries is treated as an association taxable as a corporation or is otherwise subject to additional taxation as an entity for U.S. federal, state, local or non-U.S. income or withholding tax purposes, our general partner may, in its sole discretion, reduce the minimum quarterly distribution and the target distribution levels for each quarter by multiplying each distribution level by a fraction, the numerator of which is cash for that quarter (after deducting our general partner s estimate of our additional aggregate liability for the quarter for such income and withholding taxes payable by reason of such change in law or interpretation) and the denominator of which is the sum of (1) cash for that quarter, plus (2) our general partner s estimate of our additional aggregate liability for the quarter for such income and withholding taxes payable by reason of such change in law or interpretation thereof. To the extent that the actual tax liability differs from the estimated tax liability for any quarter, the difference will be accounted for in distributions with respect to subsequent quarters.

Distributions of Cash upon Liquidation

General

If we dissolve in accordance with the partnership agreement, we will sell or otherwise dispose of our assets in a process called liquidation. We will first apply the proceeds of liquidation to the payment of our creditors. We will distribute any remaining proceeds to the unitholders and the holders of the IDRs, in accordance with their capital account balances, as adjusted to reflect any gain or loss upon the sale or other disposition of our assets in liquidation.

The allocations of gain and loss upon liquidation are intended, to the extent possible, to entitle the holders of units to a repayment of the initial value contributed by unitholders for their units in this offering, which we refer to as the initial unit price for each unit. The allocations of gain and loss upon liquidation are also intended, to the extent possible, to entitle the holders of common units to a preference over the holders of subordinated units upon our liquidation, to the extent required to permit common unitholders to receive their initial unit price plus

Table of Contents

the minimum quarterly distribution for the quarter during which liquidation occurs plus any unpaid arrearages in payment of the minimum quarterly distribution on the common units. However, there may not be sufficient gain upon our liquidation to enable the common unitholders to fully recover all of these amounts, even though there may be distributable cash flow to the holders of subordinated units. Any further net gain recognized upon liquidation will be allocated in a manner that takes into account the IDRs.

Manner of Adjustments for Gain

The manner of the adjustment for gain is set forth in the partnership agreement. If our liquidation occurs before the end of the subordination period, we will generally allocate any gain to the partners in the following manner:

- *first*, to our general partner to the extent of certain prior losses specially allocated to our general partner;

- *second*, to the common unitholders, pro rata, until the capital account for each common unit is equal to the sum of: (1) the initial unit price; (2) the amount of the minimum quarterly distribution for the quarter during which our liquidation occurs; and (3) any unpaid arrearages in payment of the minimum quarterly distribution;

- *third*, to the subordinated unitholders, pro rata, until the capital account for each subordinated unit is equal to the sum of: (1) the initial unit price; and (2) the amount of the minimum quarterly distribution for the quarter during which our liquidation occurs;

- *fourth*, to all unitholders, pro rata, until we allocate under this bullet an amount per unit equal to: (1) the sum of the excess of the first target distribution per unit over the minimum quarterly distribution per unit for each quarter of our existence; less (2) the cumulative amount per unit of any distributions from operating surplus in excess of the minimum quarterly distribution per unit that we distributed to the unitholders, pro rata, for each quarter of our existence;

- *fifth*, 85.0% to all unitholders, pro rata, and 15.0% to the holders of our IDRs, until we allocate under this bullet an amount per unit equal to: (1) the sum of the excess of the second target distribution per unit over the first target distribution per unit for each quarter of our existence; less (2) the cumulative amount per unit of any distributions from operating surplus in excess of the first target distribution per unit that we distributed 85.0% to the unitholders, pro rata, and 15.0% to the holders of our IDRs for each quarter of our existence;

- *sixth*, 75.0% to all unitholders, pro rata, and 25.0% to the holders of our IDRs, until we allocate under this bullet an amount per unit equal to: (1) the sum of the excess of the third target distribution per unit over the second target distribution per unit for each quarter of our existence; less (2) the cumulative amount per unit of any distributions from operating surplus in excess of the second target distribution per unit that we distributed 75.0% to the unitholders, pro rata, and 25.0% to the holders of our IDRs for each quarter of our existence; and

thereafter, 50.0% to all unitholders, pro rata, and 50.0% to holders of our IDRs.
If the liquidation occurs after the end of the subordination period, the distinction between common units and subordinated units will disappear, so that clause (3) of the second bullet point above and all of the third bullet point above will no longer be applicable.

We may make special allocations of gain among the partners in a manner to create economic uniformity among the common units into which the subordinated units convert and the common units held by public unitholders.

Table of Contents

Manner of Adjustments for Losses

If our liquidation occurs before the end of the subordination period, we will generally allocate any loss to our general partner and the unitholders in the following manner:

- *first*, to holders of subordinated units in proportion to the positive balances in their capital accounts until the capital accounts of the subordinated unitholders have been reduced to zero;
- *second*, to the holders of common units in proportion to the positive balances in their capital accounts, until the capital accounts of the common unitholders have been reduced to zero; and
- *thereafter*, 100.0% to our general partner.

If the liquidation occurs after the end of the subordination period, the distinction between common units and subordinated units will disappear, so that all of the first bullet point above will no longer be applicable.

We may make special allocations of loss among the partners in a manner to create economic uniformity among the common units into which the subordinated units convert and the common units held by public unitholders.

Adjustments to Capital Accounts

Our partnership agreement requires that we make adjustments to capital accounts upon the issuance of additional units. In this regard, our partnership agreement specifies that we allocate any unrealized and, for U.S. federal income tax purposes, unrecognized gain resulting from the adjustments to the unitholders and the holders of our IDRs in the same manner as we allocate gain upon liquidation. In the event that we make positive adjustments to the capital accounts upon the issuance of additional units, our partnership agreement requires that we generally allocate any later negative adjustments to the capital accounts resulting from the issuance of additional units or upon our liquidation in a manner that results, to the extent possible, in the partners capital account balances equaling the amount that they would have been if no earlier positive adjustments to the capital accounts had been made. In contrast to the allocations of gain, and except as provided above, we generally will allocate any unrealized and unrecognized loss resulting from the adjustments to capital accounts upon the issuance of additional units to the unitholders and the holders of our IDRs based on their respective percentage ownership of us. In this manner, prior to the end of the subordination period, we generally will allocate any such loss equally with respect to our common and subordinated units. If we make negative adjustments to the capital accounts as a result of such loss, future positive adjustments resulting from the issuance of additional units will be allocated in a manner designed to reverse the prior negative adjustments, and special allocations will be made upon liquidation in a manner that results, to the extent possible, in our unitholders capital account balances equaling the amounts they would have been if no earlier adjustments for loss had been made.

Table of Contents

SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA

Dominion Midstream was formed on March 11, 2014 and, upon the consummation of this offering, we will own the Preferred Equity Interest and the general partner interest in Cove Point through our wholly-owned subsidiary, Cove Point Holdings. Our only business will consist of owning the Preferred Equity Interest and the general partner interest in Cove Point, and, accordingly, our results of operations and financial condition will be dependent on the performance of Cove Point.

Dominion Midstream does not have historical financial statements. Therefore, in this prospectus we present the historical financial statements of Cove Point as our predecessor. The following table presents selected historical financial data of Cove Point and selected pro forma financial data of Dominion Midstream as of the dates and for the periods indicated.

The selected historical financial data presented at and for the years ended December 31, 2013 and 2012 is derived from the audited historical financial statements of Cove Point that are included elsewhere in this prospectus. The selected historical financial data presented at June 30, 2014 and for the six months ended June 30, 2014 and 2013 is derived from the unaudited historical financial statements of Cove Point that are included elsewhere in this prospectus.

For a detailed discussion of the selected historical financial information contained in the following table, please read Management s Discussion and Analysis of Financial Condition and Results of Operations. The following table should also be read in conjunction with Use of Proceeds, Business Our Relationship with Dominion and the audited and unaudited historical financial statements of Cove Point and our unaudited pro forma combined financial statements included elsewhere in this prospectus. Among other things, the historical and unaudited pro forma financial statements include more detailed information regarding the basis of presentation for the information in the following table.

The selected pro forma financial data is presented at June 30, 2014, for the year ended December 31, 2013 and for the six months ended June 30, 2014 and is derived from our unaudited pro forma financial combined statements included elsewhere in this prospectus. Our unaudited pro forma financial combined statements give pro forma effect to the following transactions:

- Dominion will contribute the general partner interest in Cove Point and a portion of the Preferred Equity Interest to us, and we will contribute both interests to our wholly-owned subsidiary, Cove Point Holdings;

- we will issue to our general partner the IDRs, which entitle the holder to increasing percentages, up to a maximum of 50.0%, of the cash we distribute in excess of $ per unit per quarter;

- we will issue to Dominion common units and subordinated units;

- we will receive gross proceeds of $ million from the issuance and sale of common units to the public at an assumed initial offering price of $ per common unit;

we will use $ million of the proceeds from this offering to pay underwriting discounts, a structuring fee totaling $ million and estimated offering expenses of $ million;

we will use $ million of the proceeds from this offering to make, through Cove Point Holdings, a contribution to Cove Point in exchange for the remaining portion of the Preferred Equity Interest; and

we will enter into a new $300 million credit facility with Dominion, which will be undrawn at the closing of this offering. Please read Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Outstanding Indebtedness; Dominion Credit Facility.

Table of Contents

The contribution by Dominion to Dominion Midstream of the general partner interest in Cove Point and a portion of the Preferred Equity Interest is considered to be a reorganization of entities under common control. As a result, Dominion Midstream will own the general partner of and control Cove Point and, as such, will consolidate Cove Point. Upon consolidation, Cove Point s assets and liabilities will be recognized in Dominion Midstream s consolidated financial statements at Dominion s historical cost. The unaudited pro forma combined balance sheet at June 30, 2014 gives effect to these transactions as if they had been completed on June 30, 2014. The unaudited pro forma combined statements of income for the year ended December 31, 2013 and for the six months ended June 30, 2014 gives effect to these transactions as if they had been completed on January 1, 2013.

The selected historical and pro forma financial data should be read in conjunction with, and is qualified in its entirety by reference to, the financial statements and related notes from which they are derived included elsewhere in this prospectus.

Pro forma net income per limited partner unit is determined by dividing pro forma net income by the number of units expected to be outstanding at the closing of this offering. All units were assumed to have been outstanding since January 1, 2013. Basic and diluted pro forma net income per unit are equivalent as there are no dilutive units at the date of closing of this offering.

We have not given pro forma effect to incremental general and administrative expenses of approximately $2.0 million that we expect to incur annually as a result of operating as a publicly traded partnership, such as expenses 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 insurance expenses; and director compensation expenses.

Our general partner will not receive a management fee or other compensation for its management of our partnership, but our financial results will reflect our obligation to reimburse our general partner and its affiliates for all expenses incurred and payments made on our behalf. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform various general, administrative and support services for us or on our behalf, and corporate overhead costs and expenses allocated to us by Dominion. Our partnership agreement provides that our general partner will determine the costs and expenses that are allocable to us. We estimate that such costs and expenses would have been approximately $1.0 million and $0.5 million for the year ended December 31, 2013 and for the six months ended June 30, 2014, respectively.

Table of Contents

The following table presents the financial measures of EBITDA and Adjusted EBITDA, which we use in our business as important supplemental measures of our performance. EBITDA and Adjusted EBITDA are not calculated or presented in accordance with GAAP. EBITDA represents net income including non-controlling interest before interest and related charges, income tax and depreciation and amortization, and Adjusted EBITDA represents EBITDA after adjustment for a non-controlling interest in Cove Point held by Dominion. We explain these measures under Non-GAAP Financial Measures in the table below and reconcile them to their most directly comparable financial measure calculated and presented in accordance with GAAP.

	Cove Point (Predecessor) Historical				Dominion Midstream Pro Forma	
	Year Ended December 31,		Six Months Ended June 30,		Year Ended December 31,	Six Months Ended June 30,
	2013	2012	2014	2013	2013	2014
	(in millions, except per unit information)					
Statement of Income Data:						
Operating Revenue	$ 343.5	$ 293.0	$ 180.1	$ 171.8	$ 343.5	$ 180.1
Operating Expenses						
Purchased gas	91.7	48.8	53.1	47.4	91.7	53.1
Other operations and maintenance						
Affiliated suppliers	7.7	7.0	3.9	3.9	7.7	3.9
Other	20.2	20.2	17.3	10.1	20.2	17.3
Depreciation and amortization	31.7	33.3	15.7	16.1	31.7	15.7
Other taxes	21.1	20.5	11.1	10.1	21.1	11.1
Total operating expenses	172.4	129.8	101.1	87.6	172.4	101.1
Income from operations	171.1	163.2	79.0	84.2	171.1	79.0
Interest and related charges		0.1				
Income from operations before income tax expense	171.1	163.1	79.0	84.2	171.1	79.0
Income tax expense	61.7	65.9	30.2	28.6		
Net income including non-controlling interest	$ 109.4	$ 97.2	$ 48.8	$ 55.6	$ 171.1	$ 79.0
Non-controlling interest[(1)]					121.1	54.0
Net income attributable to Dominion Midstream					$ 50.0	$ 25.0

Pro forma net income per limited partner unit:						
Common unit						
Subordinated unit						
Statement of Cash Flow Data:						
Net cash provided by (used in):						
Operating activities	$ 136.2	$ 154.9	$ 66.2	$ 65.5		
Investing activities	(294.8)	(51.3)	(222.6)	(79.5)		
Financing activities	169.8	(103.6)	145.2	14.0		
Other Financial Data:						
EBITDA(2)	$ 202.8	$ 196.5	$ 94.7	$ 100.3	$ 202.8	$ 94.7
Adjusted EBITDA(2)					50.0	25.0
Capital expenditures(3)	294.6	51.1	222.3	79.4		
Balance Sheet Data (at period end):						
Cash and cash equivalents	$ 11.2	$	$			
Total assets	1,498.2	1,213.5	1,714.9			
Total liabilities	226.2	515.0	228.9			
Total parent net equity/partners capital	1,272.0	698.5	1,486.0			
Partners capital attributable to Dominion Midstream						

Table of Contents

(1) Represents interest in Cove Point attributable to Dominion.
(2) For more information, please read Non-GAAP Financial Measures below.
(3) For the years ended December 31, 2013, and 2012, reflects \$7.8 million, and \$8.1 million, respectively, of maintenance capital expenditures on the Cove Point LNG Facility and Cove Point Pipeline to maintain Cove Point s long-term operating capacity and operating income; and \$286.8 million, and \$43.0 million, respectively, of expansion capital expenditures, primarily for the Liquefaction Project, made to increase Cove Point s long-term operating capacity and operating income. For the six months ended June 30, 2014, and 2013, reflects \$7.2 million, and \$4.2 million, respectively, of maintenance capital expenditures on the Cove Point LNG Facility and Cove Point Pipeline to maintain Cove Point s long-term operating capacity and operating income; and \$215.1 million, and \$75.2 million, respectively, of expansion capital expenditures, primarily for the Liquefaction Project, made to increase Cove Point s long-term operating capacity and operating income. Dominion has indicated that it intends to provide the funding necessary for the maintenance and expansion capital expenditures for both the existing Cove Point LNG Facility and Cove Point Pipeline and the Liquefaction Project, but it is under no obligation to do so. We intend to cause Cove Point to use the net proceeds contributed to it in connection with this offering to fund a portion of development and construction costs associated with of the Liquefaction Project. Please read How We Make Distributions to Our Partners Capital Expenditures.

Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA

EBITDA represents net income including non-controlling interest before interest and related charges, income tax and depreciation and amortization, and Adjusted EBITDA represents EBITDA after adjustment for a non-controlling interest in Cove Point held by Dominion. These are used as supplemental financial measures by our management and by external users of our financial statements, such as investors and securities analysts, to assess:

- the financial performance of our assets without regard to financing methods, capital structure or historical cost basis;
- the ability of our assets to generate cash sufficient to pay interest on our indebtedness, if any, and to make distributions; and
- our operating performance and return on invested capital as compared to those of other publicly traded companies that own energy infrastructure assets, without regard to their financing methods and capital structure.

EBITDA and Adjusted EBITDA should not be considered an alternative to net income, operating income, cash flow from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. EBITDA and Adjusted EBITDA exclude some, but not all, items that affect net income and operating income, and these measures may vary among other companies. Therefore, EBITDA and Adjusted EBITDA as presented may not be comparable to similarly titled measures of other companies.

Table of Contents

The following table presents a reconciliation of EBITDA and Adjusted EBITDA to the most directly comparable GAAP financial measure, on a historical basis and pro forma basis, as applicable, for each of the periods indicated.

	Cove Point (Predecessor) Historical				Dominion Midstream Pro Forma	
	Year Ended December 31,		Six Months Ended June 30,		Year Ended December 31,	Six Months Ended June 30,
	2013	2012	2014	2013	2013	2014
	(in millions)					
Adjustments to reconcile net income including non-controlling interest to EBITDA and Adjusted EBITDA:						
Net income including non-controlling interest:	$ 109.4	$ 97.2	$ 48.8	$ 55.6	$ 171.1	$ 79.0
Add:						
Depreciation and amortization	31.7	33.3	15.7	16.1	31.7	15.7
Interest and related charges		0.1				
Income tax expense	61.7	65.9	30.2	28.6		
EBITDA	$ 202.8	$ 196.5	$ 94.7	$ 100.3	$ 202.8	$ 94.7
Less:						
Adjusted EBITDA attributable to non-controlling interest[1]					152.8	69.7
Adjusted EBITDA					$ 50.0	$ 25.0

(1) Represents interest in Cove Point attributable to Dominion.

Table of Contents

MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our historical performance, financial condition and future prospects in conjunction with Cove Point s audited financial statements at and for the years ended December 31, 2013 and 2012, unaudited financial statements at June 30, 2014 and for the six months ended June 30, 2014 and 2013, and notes thereto, included elsewhere in this prospectus. The information provided below supplements, but does not form part of, Cove Point s financial statements. This discussion contains forward-looking statements that are based on the views and beliefs of our management, as well as assumptions and estimates made by our management. Actual results could differ materially from such forward-looking statements as a result of various risk factors, including those that may not be in the control of management. For further information on items that could impact our future operating performance or financial condition, please read the section entitled Risk Factors elsewhere in this prospectus.

Basis of Presentation

The following discussion of our historical performance and financial condition is based on the historical financial statements of Cove Point, in which we will own the general partner interest and the Preferred Equity Interest upon the closing of this offering. Unless otherwise indicated, references in this Management s Discussion and Analysis of Financial Condition and Results of Operations to Cove Point, the Predecessor, our predecessor, and we, our, partnership or like terms when used in a historical context refer to Cove Point as our predecessor for accounting purposes, and when used in the present tense or prospectively, Dominion Midstream, we, our, us or like terms refer Dominion Midstream Partners, LP and its wholly-owned subsidiary, Cove Point Holdings.

Overview

We are a growth-oriented Delaware limited partnership formed on March 11, 2014 by Dominion to initially own the Preferred Equity Interest and the general partner interest in Cove Point, which owns LNG import, storage, regasification and transportation assets. We expect that our relationship with Dominion, which has substantial additional midstream assets, should provide us the opportunity over time to grow a portfolio of natural gas terminalling, processing, storage, transportation and related assets. The Preferred Equity Interest is a perpetual, non-convertible preferred equity interest entitled to Preferred Return Distributions so long as Cove Point has sufficient cash and undistributed Net Operating Income (determined on a cumulative basis from the closing of this offering) from which to make Preferred Return Distributions. Preferred Return Distributions will be made on a quarterly basis and will not be cumulative. Our Preferred Equity Interest is also entitled to receive Additional Return Distributions (as defined herein), and should benefit from the expected increased cash flow and income associated with the Liquefaction Project upon completion. Please read Business Preferred Equity Interest. Accordingly, our results of operations and financial condition will be dependent on the performance of Cove Point, and we believe that the discussion and analysis of Cove Point s financial condition and operations is important to our unitholders.

Cove Point

Cove Point s operations consist of LNG import and storage services at the Cove Point LNG Facility and the transportation of domestic natural gas and regasified LNG to Mid-Atlantic markets via the Cove Point Pipeline. Following binding commitments by counterparties, Cove Point has requested regulatory approval to operate the Cove Point LNG Facility as a bi-directional facility, able to import LNG and vaporize it as natural gas or to liquefy domestic natural gas and export it as LNG.

We believe our relationship with Dominion should enable us to grow our cash flows, asset portfolio and cash distributions to unitholders over time. In the near term, we expect that Cove Point will generate cash and cumulative Net Operating Income in excess of that required to make payments of Preferred Return Distributions based on its long-term contracts for regasification at the Cove Point LNG Facility and firm transportation services on the Cove Point Pipeline. These cash flows are supported by existing long-term contracts with firm reservation charges for substantially all of the regasification and storage capacity of the Cove Point LNG Facility and all of the transportation capacity of the Cove Point Pipeline.

Factors Impacting Comparability of Our Financial Results

Our historical results of operations and cash flows for the periods presented may not be comparable, either from period to period, or going forward, principally for the following reasons:

Import Contracts

Cove Point has historically operated as an LNG import facility, under various long-term import contracts. The Cove Point LNG Facility has not received any LNG import shipments (other than to maintain the cryogenic readiness of the Cove Point LNG Facility) since October 2011. Since 2010, Dominion has renegotiated certain existing LNG import contracts in a manner that will result in a significant reduction in pipeline and storage capacity utilization and associated anticipated revenues during the period from 2017 through 2028. Such amendments created the opportunity for Dominion to explore the Liquefaction Project, which, assuming it becomes operational, will extend the economic life of Cove Point and contribute to Dominion s overall growth plan. In total, these renegotiations reduced Cove Point s expected annual revenues from the import-related contracts by approximately $150 million from 2017 through 2028, partially offset by approximately $50 million of additional revenues in the years 2013 through 2017.

Liquefaction Project

Following the completion and initial startup phase of the Liquefaction Project, we expect that Cove Point will be able to pay the Preferred Return Distributions using a small percentage of its total available cash flows, as we expect Cove Point s total annual revenues, including reservation charges on the Cove Point Pipeline, to increase substantially notwithstanding the expiration or termination of any existing contracts with its Import Shippers or Storage Customers.

Income Taxes

Federal and state income taxes are reflected on the historical financial statements of Cove Point. Dominion Midstream is a non-taxable entity and will not record any provision for income taxes in its consolidated financial statements.

General and Administrative Expenses

Upon completion of this offering, Dominion Midstream anticipates incurring incremental general and administrative expenses annually as a result of operating as a publicly traded partnership, such as expenses 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 insurance expenses; and director compensation expenses. Additionally, our financial results will reflect our obligation to reimburse our general partner and its affiliates for all direct and indirect expenses incurred and payments made on our behalf. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform various general, administrative and support services for us or on our behalf, and corporate overhead costs and expenses allocated to us by Dominion. Our partnership agreement provides that our general partner will determine the costs and expenses that are allocable to us. We estimate an increase in general and administrative expenses of approximately $3.0 million annually.

86

Table of Contents

Results of Operations

The following table summarizes Cove Point s results for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,		
	2013	2012	Change	2014	2013	Change
	(in millions)			(in millions)		
Net Income	$ 109.4	$ 97.2	$ 12.2	$ 48.8	$ 55.6	$ (6.8)

Overview

Six Months Ended June 30, 2014 compared to Six Months Ended June 30, 2013

Net income decreased by 12.2% primarily due to an increase in stakeholder outreach expenses for the Liquefaction Project of $7.5 million ($4.6 million after-tax).

Year Ended December 31, 2013 compared to Year Ended December 31, 2012

Net income increased by 12.6% primarily due to an increase in other revenue of $9.6 million ($6.1 million after-tax) from payments received as a result of the renegotiation of certain import-related contracts and a decrease in income tax expense due to a benefit resulting from an alternative apportionment of Cove Point s income for state income tax purposes ($7.4 million).

Analysis of Consolidated Operations

The following table summarizes selected amounts related to Cove Point s results of operations for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,		
	2013	2012	Change	2014	2013	Change
	(in millions)			(in millions)		
Operating revenue	$ 343.5	$ 293.0	$ 50.5	$ 180.1	$ 171.8	$ 8.3
Purchased gas	91.7	48.8	42.9	53.1	47.4	5.7
Net revenue	251.8	244.2	7.6	127.0	124.4	2.6
Other operations and maintenance	27.9	27.2	0.7	21.2	14.0	7.2
Depreciation and amortization	31.7	33.3	(1.6)	15.7	16.1	(0.4)
Other taxes	21.1	20.5	0.6	11.1	10.1	1.0
Interest and related charges		0.1	(0.1)			
Income tax expense	61.7	65.9	(4.2)	30.2	28.6	1.6

An analysis of Cove Point s results of operations is set forth below.

Six Months Ended June 30, 2014 compared to Six Months Ended June 30, 2013

Net revenue

Net revenue reflects operating revenue less purchased gas expense. Purchased gas expense includes the value of natural gas fuel retained for use in routine operations and the cost of LNG cooling cargo purchases. Increases or decreases in purchased gas expenses are offset by corresponding increases or decreases in operating revenues and are thus financially neutral to Cove Point. LNG cooling cargo purchases are required for Cove Point to maintain the cryogenic readiness of the Cove Point LNG Facility. Each year, one or two LNG cooling cargos are procured and billed to the Import Shippers pursuant to certain provisions in Cove Point s FERC Gas Tariff.

Net revenue increased by 2% for the six months ended June 30, 2014 primarily reflecting an increase in other revenue of $3.2 million from payments received as a result of the renegotiation of certain import-related contracts. Operating revenue and purchased gas expense increased as the result of increased prices of one LNG cooling cargo received in the six months ended June 30, 2014 compared to the six months ended June 30, 2013.

Table of Contents

Other operations and maintenance

Other operations and maintenance increased 51% primarily due to an increase in stakeholder outreach expenses for the Liquefaction Project of $7.5 million in the first six months of 2014 compared to the first six months of 2013.

Depreciation and amortization

Depreciation and amortization decreased 2% in the first six months of 2014 compared to the first six months of 2013 primarily due to the extension of the expected useful life of Cove Point s existing expansion assets as a result of the Liquefaction Project.

Other taxes

Other taxes increased 10% for the first six months of 2014 compared to the first six months of 2013 primarily due to an increase in the property tax assessment of the Cove Point LNG Facility and a reduction of property taxes recognized in the first six months of 2013 to reflect the actual amount billed to Cove Point.

Interest and related charges

For the six months ended June 30, 2014 and 2013, interest and related charges were immaterial as any affiliated borrowings were used primarily to fund capital expenditures and therefore associated interest and related charges were capitalized to property, plant and equipment.

Income tax expense

Income tax expense increased 6% for the six months ended June 30, 2014 primarily due to a benefit resulting from an alternative apportionment of Cove Point s income for state income tax purposes ($4.0 million) reflected in the six months ended 2013, partially offset by lower pre-tax income in the first six months of 2014 ($2.0 million).

Year Ended December 31, 2013 compared to Year Ended December 31, 2012

Net revenue

Net revenue reflects operating revenue less purchased gas expense. Purchased gas expense includes the value of natural gas fuel retained for use in routine operations and the cost of LNG cooling cargo purchases. Increases or decreases in purchased gas expenses are offset by corresponding increases or decreases in operating revenues and are thus financially neutral to Cove Point. LNG cooling cargo purchases are required for Cove Point to maintain the cryogenic readiness of the Cove Point LNG Facility. Each year, one or two LNG cooling cargos are procured and billed to the Import Shippers pursuant to certain provisions in Cove Point s FERC Gas Tariff.

Net revenue increased by 3% for the year ended December 31, 2013 primarily reflecting an increase in other revenue of $9.6 million from payments received as a result of the renegotiation of certain import-related contracts, partially offset by a decrease in gas transportation and storage revenue of $2.7 million as a result of a full year of lower base tariff rates which became effective in April 2012. Operating revenue and purchased gas expense increased as Cove Point received two LNG cooling cargos for the year ended December 31, 2013 compared to the receipt of one LNG cooling cargo for the year ended December 31, 2012.

Other operations and maintenance

Other operations and maintenance increased 3% primarily due to an increase in affiliated support services in 2013 compared to 2012.

Table of Contents

Depreciation and amortization

Depreciation and amortization decreased 5% in 2013 primarily due to the extension of the expected useful life of Cove Point s existing expansion assets as a result of the Liquefaction Project.

Other taxes

Other taxes increased 3% primarily due to an increase in the property tax assessment of the Cove Point LNG Facility for 2013.

Interest and related charges

In both of the years ended December 31, 2012 and December 31, 2013, interest and related charges were immaterial as any affiliated borrowings were used primarily to fund capital expenditures and therefore associated interest and related charges were capitalized to property, plant and equipment.

Income tax expense

Income tax expense decreased 6% for the year ended December 31, 2013 primarily due to a benefit resulting from an alternative apportionment of Cove Point s income for state income tax purposes ($7.4 million), partially offset by higher pre-tax income in 2013 ($3.2 million).

Segment Results of Operations

The following table summarizes contributions by Cove Point s Dominion Energy Segment and Corporate and Other Segment to net income for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,		
	2013	2012	Change	2014	2013	Change
	(in millions)			(in millions)		
Dominion Energy	$ 109.5	$ 97.2	$ 12.3	$ 48.8	$ 55.7	$ (6.9)
Corporate and Other	(0.1)		(0.1)		(0.1)	0.1
Consolidated	$ 109.4	$ 97.2	$ 12.2	$ 48.8	$ 55.6	$ (6.8)

Dominion Energy Segment

The following table summarizes, on an after-tax basis, the key factors impacting the Dominion Energy Segment s net income contribution between the years ended December 31, 2012 and December 31, 2013 and the six months ended June 30, 2013 and June 30, 2014.

	Year Ended December 31, 2012 to December	Six Months Ended June 30, 2013 to

	31, 2013	June 30, 2014
	Increase (Decrease) (in millions)	
Renegotiation of certain import-related contracts	$ 6.1	$ 2.0
Transportation and storage base rates	(1.7)	
Stakeholder outreach expenses for the Liquefaction Project		(4.6)
State income tax benefit in 2013	7.4	(4.0)
Other	0.5	(0.3)
Change in net income contribution	$ 12.3	$ (6.9)

Corporate and Other Segment

The following table summarizes the Corporate and Other Segment s after-tax results for the periods indicated.

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2012	2014	2013
	(in millions)		(in millions)	
Specific items attributable to operating segment	$ (0.1)	$	$	$ (0.1)
Total net charge	$ (0.1)	$	$	$ (0.1)

The Corporate and Other Segment includes specific items attributable to Cove Point s primary operating segment that are not included in profit measures evaluated by executive management in assessing the segment s performance. See Notes 13 and 10, *Operating Segment* to the Cove Point audited and unaudited historical financial statements, respectively, for a discussion of these items.

Liquidity and Capital Resources

Overview

We expect that our future principal uses of cash will be for working capital, capital expenditures, funding our debt service obligations, and, following the completion of this offering, paying distributions to our unitholders. We expect to make a minimum quarterly distribution of $ per common unit and subordinated unit ($ per common unit and subordinated unit on an annualized basis) to the extent we have sufficient cash after the establishment of cash reserves and the payment of fees and expenses, including payments to our general partner and its affiliates. For the first quarter that we are publicly traded, we will pay a prorated distribution covering the period after the consummation of this offering through , 2014 based on the actual length of that period. We believe that, based on our estimated distributable cash flow as described under Cash Distribution Policy and Restrictions on Distributions contained elsewhere in this prospectus, we will have sufficient distributable cash flow to pay the minimum quarterly distribution of $ per unit on all common and subordinated units for the four-quarter period ending September 30, 2015. However, we do not have a legal or contractual obligation to pay distributions quarterly or on any other basis or at the minimum quarterly distribution rate or at any other rate, and there is no guarantee that we will pay distributions to our unitholders in any quarter. We expect our principal sources of liquidity will be distributions received from Cove Point from our Preferred Equity Interest, borrowings under our credit facility with Dominion, and issuances of debt and equity securities, and we believe that cash from these sources will be sufficient to meet our short-term working capital requirements, long-term capital expenditure requirements and pay distributions.

Outstanding Indebtedness; Dominion Credit Facility

Cove Point had no outstanding indebtedness at June 30, 2014 and December 31, 2013.

At the consummation of this offering, we will not have any outstanding indebtedness and will have an undrawn borrowing capacity of $300 million under a credit facility with Dominion, allowing us to competitively pursue acquisitions and future organic growth opportunities or to otherwise meet our financial needs. A summary of certain other key terms of the credit facility with Dominion is as follows:

- No upfront commitment fee in order to enter into the facility, and no ongoing facility or similar charges assessed against undrawn amounts.

- Five year term, with only interest payments on any drawn amounts payable prior to maturity or acceleration.

Interest payments on any drawn balances will be due on a quarterly basis and amounts drawn will accrue interest at variable interest rates, determined based on our ratio of total debt to Adjusted EBITDA or, if we obtain long-term debt credit ratings in the future, based on such credit ratings in effect from time to time.

Amounts then due and payable under the credit facility will need to be satisfied prior to making any distributions to unitholders. The credit facility will not include any other financial tests, covenants or conditions that must be satisfied as a condition to making distributions for so long as the facility remains in place.

The credit facility will contain limited representations, warranties and ongoing covenants consistent with other credit facilities made available by Dominion to certain of its other affiliates.

In the event we breach our payment obligations under the credit facility, or our obligations under any third-party indebtedness we may enter into in the future, or if we become subject to certain bankruptcy, insolvency, liquidation or similar proceedings, in each case after any applicable cure periods, Dominion may accelerate our payment obligations and terminate the credit facility.

We will be required to obtain Dominion s consent prior to creating any mortgage, security interest, lien or other encumbrance outside the ordinary course of business on any of our property, assets or revenues during the term of such agreement. Failure to obtain any such consent from Dominion in the future could have an adverse impact on our ability to implement our business strategies, generate revenues and pay distributions to our unitholders.

Capital Spending

The total costs of developing the Liquefaction Project are estimated to be $3.4 billion to $3.8 billion, excluding financing costs. Through June 30, 2014 and December 31, 2013, Cove Point incurred $561.0 million and $347.5 million, respectively, of development costs associated with the Liquefaction Project. We intend to cause Cove Point to use the net proceeds contributed to it in connection with this offering to fund a portion of development and construction costs associated with the Liquefaction Project. As existing revenue streams and cash from operating activities will be insufficient for Cove Point to complete the Liquefaction Project, Dominion has indicated that it intends to provide the funding necessary for the remaining development costs and other capital expenditures of Cove Point, but it is under no contractual obligation to do so and has not as of the date of this prospectus, secured all of the funding necessary to cover these costs, as it intends to finance these costs as they are incurred using its consolidated operating cash flows in addition to proceeds from capital markets transactions. However, Dominion has entered into guarantee arrangements on behalf of Cove Point to facilitate the Liquefaction Project, including guarantees supporting the terminal services and transportation agreements as well as the engineering, procurement and construction contract for the Liquefaction Project. Two of the guarantees have no stated limit, one guarantee has a $150 million limit, and one guarantee has a $1.75 billion aggregate limit with an annual draw limit of $175 million. In the event that Dominion does not satisfy its obligations under these guarantee arrangements or otherwise does not agree to provide the funding necessary for the remaining development costs and other capital expenditures of Cove Point, or is unable to obtain such funding in the amounts required or on terms acceptable to Dominion, Cove Point would require substantial external debt or equity financing to complete the development of the Liquefaction Project.

Table of Contents

Cash Flows

The following table summarizes our cash flow for the periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2012	2014	2013
	(in millions)		(in millions)	
Cash and cash equivalents at beginning of period	$	$	$ 11.2	$
Cash flows provided by (used in):				
Operating activities	136.2	154.9	66.2	65.5
Investing activities	(294.8)	(51.3)	(222.6)	(79.5)
Financing activities	169.8	(103.6)	145.2	14.0
Net increase (decrease) in cash and cash equivalents	11.2		(11.2)	
Cash and cash equivalents at end of period	$ 11.2	$	$	$

Operating Activities

In the first six months of 2014, net cash provided by Cove Point s operating activities increased by $0.7 million, primarily due to the net change in working capital items, partially offset by higher operating and maintenance expenses and higher income tax payments, compared to the first six months of 2013.

In 2013, net cash provided by Cove Point s operating activities decreased by $18.7 million, primarily due to higher income tax payments and net changes in other working capital items.

Investing Activities

In the first six months of 2014, net cash used in Cove Point s investing activities increased by $143.1 million, primarily due to higher expenditures for the Liquefaction Project, compared to the first six months of 2013.

In 2013, net cash used in Cove Point s investing activities increased by $243.5 million, primarily due to higher capital expenditures for the Liquefaction Project of $288.4 million in 2013 compared to $45.2 million in 2012.

Financing Activities

In the first six months of 2014, net cash provided by Cove Point s financing activities increased by $131.2 million compared to the first six months of 2013, primarily due to capital contributions from parent.

In 2013, net cash provided by Cove Point s financing activities was $169.8 million as compared to net cash used in financing activities of $103.6 million in 2012. This increase was primarily due to higher issuances of affiliated current borrowings (which were subsequently converted to equity), an advance from an affiliate, and the absence of distributions in 2013.

Customer Concentration

Cove Point provides service to eighteen customers, including four local distribution companies, eleven marketers or end users and the Import Shippers. The three largest customers comprised approximately 94% and 93% of the total transportation and storage revenues for the years ended December 31, 2013 and 2012, respectively, with Cove Point s largest customer representing approximately 72% of such amounts in each year. The three largest customers comprised approximately 94% of the total transportation and storage revenues for the six months ended June 30, 2014 and 2013, with Cove Point s largest customer representing approximately 73% of such amounts in each period. Cove Point has not experienced any credit losses in connection with its trade receivables. The majority of services are under long-term contracts at FERC-approved rates.

Table of Contents

Contractual Obligations

Cove Point is party to numerous contracts and arrangements obligating them to make cash payments in future years. These contracts include contracts for capital projects and the purchase of goods and services. Presented below is a table summarizing cash payments that may result from contracts to which Cove Point is party as of December 31, 2013. For purchase obligations and other liabilities, amounts are based upon contract terms, including fixed and minimum quantities to be purchased at fixed or market-based prices. Actual cash payments will be based upon actual quantities purchased and prices paid and will likely differ from amounts presented below. The table excludes all amounts classified as current liabilities in the balance sheets. The majority of Cove Point s current liabilities will be paid in cash in 2014. The following table presents our contractual obligations and other commitments as of December 31, 2013:

	Payments Due by Period				
	2014	2015-2016	2017-2018 (in millions)	2019 and thereafter	Total
Purchase obligations[1]					
Capital Projects	$ 155.9	$ 0.6	$ 0.6	$	$ 157.1
Other[2]	1.0	0.5	0.5	2.8	4.8
Total cash payments[3]	$ 156.9	$ 1.1	$ 1.1	$ 2.8	$ 161.9

(1) Amounts exclude open purchase orders for services that are provided on demand, the timing of which cannot be determined.
(2) Includes operations and maintenance commitments.
(3) Excludes regulatory liabilities and employee benefit plan obligations, which are not contractually fixed as to timing and amount. See Note 7, *Regulatory Assets and Liabilities* and Note 9, *Employee Benefit Plans* to the Cove Point audited historical financial statements. Deferred income taxes are excluded since cash payments are based primarily on taxable income for each discrete fiscal year. See Note 4, *Income Taxes* to the Cove Point audited historical financial statements.

As of June 30, 2014, there were no material changes to our contractual obligations and other commitments presented above.

Off-Balance Sheet Arrangements

Other than the holding of surety bonds as discussed in Notes 10 and 7, *Commitments and Contingencies* to the Cove Point audited and unaudited historical financial statements, respectively, Cove Point had no off-balance sheet arrangements at June 30, 2014 and December 31, 2013 and at the closing of this offering we will not have any off-balance sheet arrangements, other than such surety bonds.

New and Revised Financial Accounting Standards

We qualify as an emerging growth company pursuant to the provisions of the JOBS Act, enacted on April 5, 2012. Section 102 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 for complying with new or revised accounting standards. However, we are choosing to opt out of such extended transition period and, as a result, will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

Table of Contents

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenues and expenses during the reporting periods. We evaluate these estimates and assumptions on an ongoing basis and base our estimates on historical experience, current conditions and various other assumptions that we believe to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Our actual results may materially differ from these estimates.

Listed below are the accounting policies we believe are critical to our financial statements due to the degree of uncertainty regarding the estimates or assumptions involved, and that we believe are critical to the understanding of our operations. As of June 30, 2014, there have been no significant changes to our critical accounting policies and estimates.

Accounting for Regulated Operations

We are required to reflect the effect of the FERC rate regulation in our financial statements. For regulated businesses subject to federal cost-of-service rate regulation, regulatory practices that assign costs to accounting periods may differ from accounting methods generally applied by non-regulated companies. When it is probable that the FERC will permit the recovery of current costs through future rates charged to customers, these costs are deferred as regulatory assets that otherwise would be expensed by non-regulated companies. Likewise, regulatory liabilities are recognized when it is probable that the FERC will require customer refunds through future rates or when revenue is collected from customers for expenditures that have yet to be incurred. Generally, regulatory assets and liabilities are amortized into income over the period authorized by the FERC.

We evaluate whether or not recovery of our regulatory assets through future rates is probable and make various assumptions in our analyses. The expectations of future recovery are generally based on orders issued by regulatory commissions or historical experience, as well as discussions with the FERC. If recovery of a regulatory asset is determined to be less than probable, it will be written off in the period such assessment is made. See Note 7, *Regulatory Assets and Liabilities* and Note 8, *Regulatory Matters* to the Cove Point audited historical financial statements for additional information.

Use of Estimates in Goodwill Impairment Testing

As of December 31, 2013, we reported $45.9 million of goodwill on our Balance Sheet.

In April of each year, we test our goodwill for potential impairment, and perform additional tests more frequently if an event occurs or circumstances change in the interim that would more-likely-than-not reduce the fair value of the reporting unit below its carrying amount. The 2014, 2013 and 2012 annual tests and any interim tests did not result in the recognition of any goodwill impairment.

In general, we estimate the fair value of our reporting unit by using a combination of discounted cash flows and other valuation techniques that use multiples of earnings for peer group companies and analyses of recent business combinations involving peer group companies. Fair value estimates are dependent on subjective factors such as our estimate of future cash flows, the selection of appropriate discount and growth rates, and the selection of peer group companies and recent transactions. These underlying assumptions and estimates are made as of a point in time; subsequent modifications, particularly changes in discount rates or growth rates inherent in our estimates of future cash flows, could result in a future impairment of goodwill. Although we have consistently applied the same methods in developing the assumptions and estimates that underlie the fair value calculations, such as estimates of future cash flows, and based those estimates on relevant information available at the time, such cash flow estimates are highly uncertain by nature and may vary significantly from actual results. If the estimates of future cash flows used in the most recent tests had been 10% lower, the resulting fair values would have still been greater than the carrying value of the reporting unit tested, indicating that no impairment was present. See Note 6, *Goodwill and Intangible Assets* to the Cove Point audited historical financial statements for additional information.

Use of Estimates in Long-Lived Asset Impairment Testing

Impairment testing for an individual or group of long-lived assets or for intangible assets with definite lives is required when circumstances indicate those assets may be impaired. When an asset s carrying amount exceeds the undiscounted estimated future cash flows associated with the asset, the asset is considered impaired to the extent that the asset s fair value is less than its carrying amount. Performing an impairment test on long-lived assets involves judgment in areas such as identifying if circumstances indicate an impairment may exist, identifying and grouping affected assets, and developing the undiscounted and discounted estimated future cash flows (used to estimate fair value in the absence of market-based value) associated with the asset, including probability weighting such cash flows to reflect expectations about possible variations in their amounts or timing, expectations about operating the long-lived assets and the selection of an appropriate discount rate. Although cash flow estimates are based on relevant information available at the time the estimates are made, estimates of future cash flows are, by nature, highly uncertain and may vary significantly from actual results. For example, estimates of future cash flows would contemplate factors which may change over time, such as the expected use of the asset, including future production and sales levels, expected fluctuations of prices of commodities sold and consumed and expected proceeds from dispositions.

Quantitative and Qualitative Disclosures About Market Risk

The primary objective of the following information is to provide 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.

Commodity Price Risk

We will be entitled to the Preferred Return Distributions so long as Cove Point has sufficient cash and undistributed Net Operating Income (determined on a cumulative basis from the closing of this offering) from which to make the Preferred Return Distributions. The cash flow attributable to the Preferred Equity Interest is underpinned by long-term fixed reservation fee agreements. Accordingly, we believe we are not subject to any material impacts of commodity price risk.

Interest Rate Risk

As described above, in connection with the closing of this offering, we intend to enter into a new $300 million revolving credit facility with Dominion. We may or may not hedge the interest on portions of our borrowings under the credit facility from time-to-time in order to manage risks associated with floating interest rates. At the closing of this offering, we will not have any outstanding indebtedness.

INDUSTRY OVERVIEW

We obtained the information in this prospectus about the LNG industry from several independent outside sources, including: the Energy Information Administration (***EIA*** *), an independent statistical and analytical agency within the DOE; the International Energy Agency s World Energy Outlook 2013; the International Gas Union World LNG Report 2013 Edition; NERA Economic Consulting, a consulting company; Wood Mackenzie, a consulting company; The International Group of Liquefied Natural Gas Importers; and the FERC.*

Overview of the Natural Gas Market

Natural gas is one of the world s key sources of global energy, along with oil, coal and nuclear power. Natural gas is used principally in power generation (electricity) and for heating. It is an abundant energy source, with worldwide reserves estimated at 6,845 trillion cubic feet, which is enough for over 55 years of supply at current rates of consumption.

In the last three decades, demand for natural gas has grown faster than the demand for any other fossil fuel, and it is the only fossil fuel for which the EIA expects demand to grow in the future. Natural gas share of total global primary energy consumption has risen from 19% in 1980 to 23% in 2012.

Natural gas has a number of advantages that will make it a competitive source of energy in the future. Apart from plentiful supplies, which will help to keep prices competitive, natural gas is the fossil fuel least affected by policies to curb GHG emissions because it is the least carbon-intensive fossil fuel. In recent years, consumption of natural gas has risen steadily due to global economic growth and increasing energy demand, consumers desires to diversify energy sources, market deregulation, competitive pricing and recognition that natural gas is a cleaner energy source as compared to coal and oil. Natural gas emits a lower level of carbon dioxide and fewer noxious pollutants than coal when used in power generation.

LNG Market Opportunity

Natural gas reserves and production are spread over a wide array of geographic areas and the disparity between areas of production and areas of consumption has been the principal stimulus of international trade in gas. LNG is natural gas that has been converted into its liquid state through a cooling process, which allows for efficient transportation by sea. Over the past decade, global LNG demand has risen, on average, 7.9% per year.

Natural gas production in North America has increased due to the emergence of new techniques to access and extract shale gas reserves economically. U.S. domestic gas production now exceeds domestic gas consumption for a large part of the year, which may reduce future gas imports. Additionally, rising U.S. domestic gas production may drive down domestic gas prices and raise the likelihood of U.S. gas exports.

As a result of these developments, the North American gas market is moving in a different cycle from the rest of the world and has larger differentials in pricing than other markets (see the chart on the following page). Regional price differentials create the opportunity for arbitrage and also act as a catalyst for the extraction of new reserves. Given these conditions, interest in exporting LNG from the U.S. has grown and a number of new liquefaction plants are now planned.

Table of Contents

Natural Gas Prices: January 2009 January 2014

(U.S.$ per Mbtu)

Source: Bloomberg.

Historically, the LNG trade was led by large utilities in Europe and Asia, which lack adequate indigenous supplies of natural gas. LNG export facilities in Algeria, Indonesia, Malaysia, Australia and Alaska served these markets. Today, European utilities seek to diversify their supply sources to meet peak winter demand, and North American producers seek to support growing demand. The current trend in the LNG trade has encouraged more liquefaction development globally, including in the Americas (U.S., Trinidad, Venezuela and Peru), Africa (Egypt, Algeria, Nigeria, Equatorial Guinea, Angola and Libya), the Middle East (Qatar, Oman and Iran), Asia (Indonesia, Malaysia and Papua New Guinea), Australia and Russia. The EIA predicts that international LNG trade will double from 10 trillion cubic feet in 2010 to around 20 trillion cubic feet in 2040. Most of the increase in liquefaction capacity is expected to be in North America and Australia, where a multitude of new liquefaction projects are expected to be operational within the next decade.

North America s burgeoning shale plays and resulting unconventional gas resources reduce the need for LNG imports and increase the outlook for LNG exports. North American LNG exports provide an opportunity for natural gas producers to sell incremental volumes to global high-demand markets. As of April 2014, 30 North American LNG export projects have started the permitting track.

LNG Supply Chain

The LNG supply chain can be divided into five major phases:

Production: Natural gas is produced and transported via pipeline to natural gas liquefaction facilities located along the coast of the producing country.

Liquefaction: Once delivered to the liquefaction facility, the natural gas is super-cooled to a temperature of minus 260 degrees Fahrenheit, transforming the gas into a liquid 1/600th the volume of its gaseous state.

Shipping: LNG is loaded onto specially designed, double-hulled LNG carriers and transported overseas from the liquefaction facility to the receiving terminal.

Regasification: In receiving terminals (either onshore or aboard specialized LNG carriers), LNG is returned to its gaseous state, or re-gasified.

Table of Contents

Storage, Transportation and Marketing: Once re-gasified, the natural gas is stored in specially designed facilities or transported to natural gas consumers via pipelines.

The following diagram illustrates the flow of natural gas and LNG from production to end use marketing.

Worldwide Natural Gas Reserves

According to the EIA, the world s proved natural gas reserves rose by 1,387 trillion cubic feet, an average annual rate of 2.3%, over the past 10 years. Current estimates of worldwide natural gas proved reserves indicate a large resource base to support growth in markets through 2040 and beyond. However, natural gas reserves are spread unevenly around the world, concentrated in Eurasia, North America and the Middle East, where ratios of proved reserves to production indicate decades of resource availability. Conversely, many high-consumption Organization for Economic Cooperation and Development countries have much lower current ratios of proved reserves to production. This disparity should lead to increased trade of LNG.

The below table illustrates the global proved natural gas reserves by country as of January 1, 2013.

Source: EIA.

Global LNG Supply and Demand Dynamics

During the period between 2002 and 2012, worldwide natural gas demand is estimated to have increased at a pace of 2.8% per year. Comparatively, global LNG demand grew at a much faster rate, averaging 7.9% per year during the same period. The strong LNG demand growth was the combined result of a number of factors including the need to replace declining gas production in certain regions of the world, efforts to displace coal and nuclear fired power generation, national energy policies targeting supply diversity, and the realization of latent demand from industrial and residential sectors.

Worldwide demand for natural gas as well as for LNG is forecast to continue their upward trajectories into the future. The EIA projects that global natural gas demand will grow at a rate of 1.7% per year from 2010 to 2030 with the industrial and power generation sectors accounting for nearly three-fourths of the increase. LNG demand is expected to grow at an even faster overall rate. Based on data from Wood Mackenzie, LNG demand is forecast to grow by 4.5% per year from a base of 218.9 Mtpa in 2010, reaching 342.5 Mtpa in 2020 and 532.8 Mtpa in 2030.

LNG Demand by Region

Source: Wood Mackenzie.

Asia Pacific

In 2012, the Asia Pacific region accounted for 71% of global LNG demand. Japan, South Korea, and Taiwan, countries characterized by their highly industrialized economies and limited domestic energy supplies, have historically formed the core of the region s market. Looking forward, the region is expected to maintain its position as the world s largest LNG importer. However, while Japan, South Korea, and Taiwan will maintain their core positions, emerging demand markets in China, India and South East Asia are expected to expand rapidly.

Asia Pacific LNG Demand

Source: Wood Mackenzie.

Table of Contents

Japan

Japan is currently the world s largest LNG market due to its limited domestic production and lack of existing international pipeline connections. The country is expected to remain the world s largest buyer of LNG. Historically, power generation has been the primary source of the country s demand for natural gas, accounting for between 60% to 70% of total demand. In the aftermath of the Fukushima nuclear incident, Japan s nuclear generators were systematically idled as part of a comprehensive, nationwide safety review. As a result, gas demand for power generation increased by nearly 15.7 Mtpa. To meet the expanded gas need, LNG imports rose from 69.9 Mtpa in 2010 to 87.3 Mtpa in 2012. While some nuclear capacity could be restarted as early as 2014, it remains unclear how much will come back online over the near term. As increasing amounts of nuclear capacity return to the country s energy mix, some natural gas demand stands to be displaced. However, Wood Mackenzie expects that restarted nuclear power capacity will fall short of pre-Fukushima levels, leading to continued Japanese demand for natural gas.

Japan currently has 32 LNG import terminals with a total regasification capacity of 188.6 Mtpa, the largest amount of any country in the world. This is more than double the current estimates of Japan s LNG import levels. An additional four terminals are under construction and are expected to come online between 2014 and 2018. The incremental regasification capacity that will be added by these terminals is modest in relation to Japan s existing levels; nonetheless, it is expected to play an important role in providing supply to regions of the country where access to gas has otherwise been restricted.

South Korea

South Korea is currently the second largest LNG market globally. Given South Korea s limited indigenous energy resources and lack of international pipeline connections, the country is almost entirely dependent on LNG imports for its gas supply. LNG was first introduced in South Korea in 1986, and it has since played an important role in meeting the country s energy demand. Demand growth has been underpinned by significant investment in infrastructure steadily expanding the gas network across the country.

Demand is strong across the power generation and residential/commercial sectors, accounting for close to 80% of gas demand, with the industrial sector contributing to most of the remainder. Wood Mackenzie expects continued growth in the non-power sector due to the expansion of the pipeline infrastructure system to new areas without current access to gas. According to Wood Mackenzie, from 2013 to 2025 gas demand in South Korea is forecast to rise by an average of 1% per year to reach 46.6 Mtpa. This demand growth will be driven by the non-power sectors, with both industrial and residential/commercial growing in equal measure. Power sector demand for gas is expected to grow by a moderate 0.1% from 2013 to 2025, as it is constrained by the increase in nuclear power generation.

South Korea will remain dependent on LNG imports as domestic production is not expected to be material and competition from piped gas is unlikely as the proposed pipeline from Russia faces numerous geographic, logistical and political hurdles.

South Korea has four operating regasification terminals, with aggregate nominal capacity of 73.3 Mtpa. Two terminals are currently under construction and expected to provide an additional 9.0 Mtpa of nominal capacity.

China

On a unit volume basis, China is expected to account for the largest amount of incremental LNG demand from the Asia Pacific region. China s natural gas market has already more than quadrupled between 2002 and 2012 when demand reached 111.4 Mtpa. According to the EIA, gas demand in China will continue to increase by more than

6% per year from 2010 to 2030, when it is estimated to reach 280.4 Mtpa. The growth outlook for gas use is predicated on economic expansion and the realization of latent demand from the industrial and residential sectors as they shift away from consuming generally higher priced oil products. The outlook also assumes an increasing pace of gas infrastructure development, which is expected to further spur total gas demand in the country. Among end markets, the industrial sector is currently the largest consumer of gas, accounting for more than half of total demand. It is followed by the power generation and residential/commercial end markets, which account for slightly less than one-quarter of gas demand each.

Based on Wood Mackenzie s estimates, LNG accounted for 14% of China s total gas needs in 2012. Comparatively, domestic production accounted for 71%, with pipeline imports making up the balance. Going forward, LNG s share of the market is forecast to expand to 21% by 2020. On a unit volume basis, Wood Mackenzie forecasts that LNG demand will grow from 14.6 Mtpa in 2012 to 60.0 Mtpa in 2020.

China has ten operating regasification terminals, with aggregate nominal capacity of 34.0 Mtpa. Six terminals are currently under construction and are expected to add 16.0 Mtpa of regasification capacity between 2014 and 2017. An additional five terminals are in various stages of planning.

India

Gas demand in India is dominated by the power and industrial sectors. Gas demand in both of these sectors grew rapidly from 2008 to 2011 due to the ramp-up in gas supply from domestic sources. In 2012 and 2013 gas demand decreased as domestic gas production declined while insufficient regasification capacity constrained LNG imports. On the back of stabilizing production, gas demand is also expected to stabilize but it will not be until 2016 that demand reaches its previous 2011 peak. Total gas demand (of both LNG and domestic gas production) is expected to grow from 38.6 Mtpa in 2012 to 87.6 Mtpa in 2030 with an annual growth rate of 4.7%.

In the power sector, demand has been challenged by the absence of peak power tariffs, making the utilization of market priced LNG uneconomical for gas fired generation. In the longer-term, more widespread pricing reform in addition to rising production is likely to support additional gas use in the power sector. In the industrial sector, gas demand is currently dominated by the fertilizer industry. However, subsidies in the sector are not sufficient to make greenfield urea production viable based on LNG. Consequently industrial gas demand in the longer-term will be driven by other industries, where LNG will still be competitive with competing oil products.

From now through 2020, more incremental LNG is expected to enter the market with the removal of infrastructure constraints and as new LNG projects come on-stream. According to Wood Mackenzie, LNG demand will grow by an average rate of 6.0% from 2012 to 2020 to reach 22.5 Mtpa. Post-2020 LNG demand growth is forecasted to accelerate as the potential for market reforms improves the economics of LNG imports in the power sector while domestic gas production plateaus and then falls. From 2020 to 2030 LNG demand is expected to grow by an average of 8.4% to reach 50.5 Mtpa.

India has four operating regasification terminals, with aggregate nominal capacity of 23.5 Mtpa. An additional seven terminals are in various stages of planning.

Europe

Europe is the second largest regional market for LNG imports. During the early part of this century, LNG demand in the region trended consistently higher before reaching a peak of 65.4 Mtpa in 2011. However in the aftermath of the 2011 earthquake in Japan, demand for LNG increased meaningfully in the Asia Pacific region, causing volumes to be diverted away from Europe. Imports to Europe decreased significantly beginning in 2012, a trend that continued throughout 2013. Wood Mackenzie estimates that imports to the region will hit their trough in 2014, followed by generally flat levels through 2016 as LNG shipments continue making their way to the higher priced markets in Asia.

Post-2016, imports into the European market are forecast to increase again.

Table of Contents

European LNG Demand

Source: Wood Mackenzie.

LNG Liquefaction Capacity

At the end of 2012, global nameplate liquefaction capacity stood at 286.2 Mtpa from 17 LNG exporting countries. Qatar is currently the world s largest LNG exporting country, with approximately 27% of global liquefaction capacity. In total, there are an estimated 16 global liquefaction projects currently under construction, representing aggregate capacity of 116.7 Mtpa that is scheduled to enter the market by the end of this decade. Of these, the largest capacity additions are expected to come from Australia, whose projects account for 61.8 Mtpa, or 53%, of the total amount. The U.S. will add the second highest level of capacity, totaling 17.9 Mtpa from Sabine Pass Phases 1 and 2.

North American Liquefaction Facilities

As of April 2014, 30 projects had requested permits from the DOE to export LNG to both FTA and non-FTA countries, representing 294.8 Mtpa of potential liquefaction capacity. Sabine Pass Trains 1 4 (17.3 Mtpa) remains the only fully permitted project and is currently under construction. Cove Point is among six additional projects that have received conditional approval from the DOE to export LNG to FTA and non-FTA countries and are currently awaiting final FERC authorization. The timetable of U.S. exports will still be greatly determined by the pace of the FERC approval process.

Table of Contents

The below table shows the status of DOE applications for LNG exports as of April 2014.

Expected Order to be Processed	Company	Date Applicant Received FERC Approval to Begin Pre-Filing Process	Quantity (Bcf/d) FTA	Non-FTA	Contracts
Processed	Cheniere Sabine Pass T1-T4	8/4/2010	2.20	2.20	Fully Subscribed
Processed	Freeport LNG Expansion LP and FLNG Liquefaction	1/5/2011	1.40	1.40	Fully Subscribed
Processed	Lake Charles Exports, LLC	4/6/2012	2.00	2.00	
Processed	Dominion Cove Point LNG, LP	6/26/2012	1.00	0.77	Fully Subscribed
Processed	Freeport LNG Expansion LP and FLNG Liquefaction(1)	1/5/2011	1.40	0.40	Fully Subscribed
Processed	Cameron LNG, LLC	5/9/2012	1.70	1.70	Fully Subscribed
Processed	Jordan Cove Energy Project, LP	3/6/2012	1.20	0.80	
1	LNG Development Company, LLC (Oregon LNG)	7/16/2012	1.25	1.25	
2	Cheniere Marketing, LLC (Corpus Christi)	12/22/2011	2.10	2.10	T1 Partially Subscribed
3	Excelerate Liquefaction Solutions	11/20/2012	1.38	1.38	
4	Carib Energy (USA) LLC		0.03	0.06	
5	Gulf Coast LNG Export, LLC		2.80	2.80	
6	Southern LNG Company, LLC	3/1/2013	0.50	0.50	Fully Subscribed
7	Gulf LNG Liquefaction Company, LLC		1.50	1.50	
8	CE FLNG, LLC	4/16/2013	1.07	1.07	
9	Golden Pass Products, LLC	5/30/2013	2.60	2.60	
10	Pangea LNG (North America) Holdings, LLC		1.09	1.09	
11	Freeport-McMoRan Energy, LLC		3.22	3.22	
12	Cheniere Sabine Pass T5	3/8/2013	0.52	0.52	Fully Subscribed
13	Venture Global LNG, LLC		0.67	0.67	
14	Eos LNG, LLC		1.60	1.60	
15	Barca LNG, LLC		1.60	1.60	
16	Cheniere Sabine Pass T6	3/8/2013	0.86	0.86	
17	Magnolia LNG, LLC	3/20/2013	1.08	1.08	
18	Delfin LNG, LLC		1.80	1.80	
19	Waller LNG Services, LLC		0.16	0.19	
20	Gasfin Development		0.20	0.20	
21	Texas LNG LLC		0.27	0.27	
22	Louisiana LNG Energy LLC		0.28	0.28	
23	Strom Inc.		0.02	0.02	

Source: Office of Oil and Gas Global Security and Supply, Office of Fossil Energy, DOE; FERC; Company releases.

1. Application was filed for 1.4 Bcf/d to FTA and Non-FTA countries; 1.4 Bcf/d was authorized for FTA and 0.4 Bcf/d was authorized for non-FTA for a total of 1.8 Bcf/d.

Table of Contents

In Canada, seven projects have been granted export licenses by the National Energy Board: Kitimat LNG, BC LNG, LNG Canada, Pacific Northwest LNG, WCC LNG, Prince Rupert LNG, and Woodfibre LNG, representing 81.0 Mtpa of potential liquefaction capacity. Four other export plants, Triton LNG, Pieridae Energy, Aurora LNG, and Kitsault Energy, are currently being contemplated and could be operational by the end of the decade. The below map illustrates the location of the current and proposed North American liquefaction facilities.

BUSINESS

Overview

We are a growth-oriented Delaware limited partnership formed on March 11, 2014 by Dominion to initially own the Preferred Equity Interest and the general partner interest in Cove Point, which owns LNG import, storage, regasification and transportation assets. We expect that our relationship with Dominion, which has substantial additional midstream assets, should provide us the opportunity over time to grow a portfolio of natural gas terminalling, processing, storage, transportation and related assets. At the closing of this offering, we will hold the Preferred Equity Interest and the general partner interest in Cove Point. Cove Point is the owner and operator of the Cove Point LNG Facility, an LNG import/regasification and storage facility located on the Chesapeake Bay in Lusby, Maryland and the Cove Point Pipeline, which consists of approximately 136 miles of natural gas pipeline that connects the Cove Point LNG Facility to interstate natural gas pipelines. Cove Point is currently generating significant revenue and earnings from annual reservation payments under regasification, storage and transportation contracts with a portfolio of creditworthy counterparties, including affiliates of BP, Royal Dutch Shell and Statoil.

Cove Point is actively pursuing the development of the Liquefaction Project on land already owned by Cove Point, which is within the developed area of the existing Cove Point LNG Facility. The Liquefaction Project is expected to be completed and placed into service in late 2017. Liquefaction is the process by which natural gas is converted into LNG, which can be loaded into LNG vessels for export. U.S. exports of LNG are expected to increase substantially over the next decade, driven by an abundant supply of natural gas in the U.S., combined with projected growth in worldwide demand for natural gas and significantly higher prices globally, particularly in Asia. The Liquefaction Project s available capacity is fully contracted with two counterparties: (1) a joint venture between Sumitomo Corporation and Tokyo Gas Co., Ltd. and (2) a subsidiary of GAIL (India) Limited. Each contract is a long-term fixed reservation fee agreement with a 20-year term commencing on the date the Liquefaction Project is placed in service. Upon completion, the Liquefaction Project is expected to substantially increase net income and EBITDA generated by Cove Point, in which we hold the Preferred Equity Interest. In the future, Cove Point may also, subject to receipt of all regulatory and other approvals necessary, construct and install infrastructure and related equipment in order to provide additional transportation services to potential customers located along the Cove Point Pipeline.

Dominion is the owner of all of the common equity interests in Cove Point and has indicated that it intends to provide the funding necessary for the development of the Liquefaction Project and other capital expenditures incurred by Cove Point. Dominion will grant us in connection with this offering a right of first offer with respect to any future sale of its common equity interests in Cove Point, which should benefit from the expected increased cash flows and income associated with the Liquefaction Project upon its completion, and we may also acquire newly issued common equity or additional preferred equity interests in Cove Point.

Preferred Equity Interest

Immediately following the consummation of this offering, our sole cash flow generating asset will be the Preferred Equity Interest. The Preferred Equity Interest is a perpetual, non-convertible preferred equity interest entitled to Preferred Return Distributions so long as Cove Point has sufficient cash and undistributed Net Operating Income (determined on a cumulative basis from the closing of this offering) from which to make Preferred Return Distributions. We expect the Preferred Equity Interest to have limited exposure to the capital expenditure requirements associated with the future expansion of the Cove Point Facilities, as Dominion, although it is under no obligation to do so, has indicated that it intends to provide such funding. Preferred Return Distributions will be made on a quarterly basis and will not be cumulative. Our Preferred Equity Interest is also entitled to annual cash distributions equal to % of Cove Point s Modified Net Operating Income in excess of $ million (the

Additional Return Distributions), and should benefit from the expected increased cash flows and income associated with the Liquefaction Project once it is completed. ***Modified Net Operating Income*** means Cove Point s Net Operating Income plus any interest expense that reduced Net Operating Income.

We expect that Cove Point will generate cash and cumulative Net Operating Income in excess of that required to make Preferred Return Distributions through the expected completion of the Liquefaction Project in late 2017 and thereafter. We base our expectation on the existing long-term contracts with firm reservation charges for substantially all of the regasification and storage capacity of the Cove Point LNG Facility and all of the transportation capacity of the Cove Point Pipeline and the belief that the Liquefaction Project will commence operations in 2017. While we expect Cove Point s cash flows and Net Operating Income from its existing import contracts and associated transportation contracts to decrease as those contracts expire in 2017 and 2023, we expect the cash flows and Net Operating Income from the Liquefaction Project, once completed, to replace and substantially exceed Cove Point s cash flows and Net Operating Income from its existing import contracts and associated transportation contracts. Until the Liquefaction Project is completed, Cove Point will be prohibited from making a distribution on its common equity interests until it has a distribution reserve sufficient to pay two quarters of Preferred Return Distributions (and two quarters of similar distributions with respect to any other preferred equity interest in Cove Point). We intend to cause Cove Point to fully fund such distribution reserve by December 31, 2016, but there can be no assurance that funds will be available or sufficient for such purpose or that Cove Point will have sufficient cash and undistributed Net Operating Income to permit it to continue to make Preferred Return Distributions after the expiration of certain of its contracts in 2017. We do not expect to cause Cove Point to make distributions on its common equity, or the Additional Return Distributions, prior to the Liquefaction Project commencing commercial service. No distribution reserve will be established for the Additional Return Distributions.

Management

We are managed and operated by the board of directors and executive officers of our general partner, Dominion Midstream GP, LLC, an indirect wholly-owned subsidiary of Dominion. Dominion will have the right to appoint all members of the board of directors of our general partner, including at least three directors meeting the independence standards established by the NYSE. At least one of our independent directors will be appointed prior to the date our common units are listed for trading on the NYSE. Our unitholders will not be entitled to elect our general partner or its directors or otherwise directly participate in our management or operations. For more information about the executive officers and directors of our general partner, please read Management.

Cove Point s general partner, which will be our wholly-owned subsidiary, will control Cove Point, subject to specified approval rights maintained by Dominion in connection with its ownership of common equity interests in Cove Point. We will manage the business and affairs of Cove Point s general partner.

Our Relationship with Dominion

Overview

We view our relationship with Dominion as a significant competitive strength. We believe this relationship will provide us with potential acquisition opportunities from a broad portfolio of existing midstream assets that meet our strategic objectives, as well as access to personnel with extensive technical expertise and industry relationships. Dominion will grant us in connection with this offering a right of first offer with respect to any future sale of its common equity interests in Cove Point. We may also acquire newly issued common equity or additional preferred equity interests in Cove Point in the future, provided that any issuances of additional equity interests in Cove Point would require both our and Dominion s approval. Any additional equity interests that we acquire in Cove Point would allow us to participate in the significant growth in cash flows and income expected following the completion of the Liquefaction Project. In addition, acquisition opportunities may arise from future midstream pipeline, terminalling, processing, transportation and storage assets acquired or constructed by Dominion.

Dominion, headquartered in Richmond, Virginia, is one of the nation s largest producers and transporters of energy. Dominion s strategy is to be a leading provider of electricity, natural gas and related services to customers primarily in the eastern region of the U.S. Dominion s portfolio of assets includes approximately

106

23,600 MW of generating capacity, 10,900 miles of natural gas transmission, gathering and storage pipelines, 21,900 miles of gas distribution pipelines, exclusive of service lines, 6,400 miles of electric transmission lines and 57,000 miles of electric distribution lines. Dominion presently serves utility and retail energy customers in 10 states and operates one of the nation s largest underground natural gas storage systems, with approximately 947 Bcfe of storage capacity. Dominion s portfolio of midstream pipeline, terminalling, processing, transportation and storage assets includes both its indirect ownership interest in Blue Racer, which is described in more detail below, and the assets and operations of Dominion Gas Holdings, LLC. Dominion Gas Holdings, LLC consists of (i) The East Ohio Gas Company d/b/a Dominion East Ohio, a regulated natural gas distribution operation, (ii) DTI, an interstate natural gas transmission pipeline company, and (iii) Dominion Iroquois, which holds a 24.72% general partner interest in Iroquois Gas Transmission System L.P.

Blue Racer is a joint venture between Dominion and Caiman, a midstream energy company focused on the design, construction, operation and acquisition of midstream assets. Blue Racer was formed to provide midstream services to natural gas producers operating in the Utica Shale formation in Ohio and portions of Pennsylvania, and is an equal partnership between Dominion and Caiman, with Dominion contributing midstream assets, including both gathering and processing assets, and Caiman contributing up to $800 million in equity capital commitments. Midstream services offered by Blue Racer include gathering, processing, fractionation, and natural gas liquids transportation and marketing. Blue Racer is expected to leverage Dominion s existing presence in the Utica region with significant additional new capacity designed to meet producer needs as the development of the Utica Shale formation increases.

Following the consummation of this offering, Dominion will be our largest unitholder, holding common units (approximately % of all outstanding) and subordinated units (100% of all outstanding), and will own our general partner and 100% of our IDRs. As a result of its significant ownership interests in us, we believe Dominion will be motivated to support the successful execution of our business strategies and will provide us with acquisition opportunities, although it is under no obligation to do so. Dominion views us as a significant part of its growth strategy, and we believe that Dominion will be incentivized to contribute or sell additional assets to us and to pursue acquisitions jointly with us in the future although it is under no obligation to do so and we are under no obligation to undertake any such acquisition opportunities. However, Dominion will regularly evaluate acquisitions and dispositions and may, subject to compliance with our right of first offer with respect to Cove Point and Blue Racer, elect to acquire or dispose of assets in the future without offering us the opportunity to participate in those transactions. Moreover, following the consummation of this offering, Dominion will continue to be free to act in a manner that is beneficial to its interests without regard to ours, which may include electing not to present us with future acquisition opportunities. Please read Conflicts of Interest and Fiduciary Duties.

Business Strategies

Our primary business objective is to generate stable and growing cash flows, which will enable us to maintain and increase our cash distributions per unit over time. We intend to accomplish this objective by executing the following strategies:

Pursue accretive acquisitions from Dominion. We intend to seek opportunities to expand our initial asset base primarily through accretive acquisitions from Dominion. Dominion will grant us in connection with this offering a right of first offer with respect to any future sale of its common equity interests in Cove Point, and we may also acquire newly issued common or additional preferred equity interests in Cove Point. Furthermore, Dominion will grant us in connection with this offering a right of first offer with respect to any future sale of its indirect ownership interest in Blue Racer. Although Dominion will grant us in connection with this offering a right of first offer with respect to such interests in Cove Point and Blue Racer, Dominion is under no obligation to sell these interests, nor are we obligated to purchase such interests, and we currently do not know when, if ever, such interests will be acquired from Dominion. In addition, we believe Dominion will offer us opportunities to acquire other midstream assets that it may acquire or develop in the future or that it currently owns. We believe that Dominion s economic relationship with us incentivizes it to offer us acquisition opportunities, although it is under no obligation to do so and neither are we obligated to make any such acquisitions. Please read Our Relationship with Dominion.

Pursue third-party acquisitions and organic growth opportunities. We also intend to grow our business by pursuing strategic acquisitions from third parties and, as we acquire additional assets, future organic growth opportunities at those acquired assets. Our third-party growth strategy will include assets both within the existing geographic footprint of Dominion s natural gas-related businesses and potentially in new areas.

Focus on long-term, stable cash flows. We intend to pursue future growth opportunities, whether through our relationship with Dominion, third-party acquisitions or organic growth opportunities, that provide long-term, stable cash flows.

Capitalize on Dominion s midstream experience in the Utica and Marcellus Shale formations. We intend to capitalize on Dominion s midstream experience in the high growth areas of the Utica and Marcellus Shale formations. Dominion s experience in these shale formations, as well as its extensive footprint, could potentially provide significant growth opportunities.

Competitive Strengths

We believe we are well positioned to execute our business strategies based on the following competitive strengths:

Our affiliation with Dominion. We believe that Dominion, one of the nation s largest producers and transporters of energy and the ultimate owner of our general partner, all of our IDRs and a % limited partner interest in us, is motivated to promote and support the successful execution of our primary business objective through, for example, the following:

Cove Point acquisition opportunities: Dominion will retain all of the common equity interests in Cove Point immediately following the consummation of this offering and Dominion will grant us in connection with this offering a right of first offer with respect to any future sale of these common equity interests. We may also acquire newly issued common equity interests in Cove Point or additional preferred equity interests in Cove Point in the future, which should benefit from the expected increase in cash flows and income associated with the Liquefaction Project upon its completion, provided that any issuances of additional equity interests in Cove Point would require both our and Dominion s approval.

Other existing Dominion midstream assets: Dominion will grant us in connection with this offering a right of first offer with respect to any future sale of its indirect ownership interest in Blue Racer. Furthermore, Dominion owns and operates a large portfolio of midstream natural gas assets. We believe Dominion will offer us opportunities to acquire additional midstream assets that it currently owns, although it is under no obligation to do so.

Future Dominion acquisition opportunities: One of the drivers from Dominion s overall capital investment program is the future construction of infrastructure to handle the increase in natural gas production from the Marcellus and Utica Shale formations. We believe Dominion will offer us the opportunity to acquire additional midstream assets it constructs or acquires in the future, although it is not obligated to do so.

Significant industry and management expertise: Through our relationship with Dominion, we will have access to a significant pool of management talent, strong commercial relationships throughout the energy industry and the broad operational, commercial, technical, risk management and administrative infrastructure of Dominion. We believe this access will, among other things, enhance the execution of our expansion and acquisition strategies. Our management team includes many senior employees of Dominion with extensive experience in the energy industry.

Stable cash flows underpinned by long-term, fixed-fee contracts. The cash flow attributable to our Preferred Equity Interest is underpinned by long-term agreements with counterparties that are creditworthy entities or whose obligations are guaranteed by creditworthy entities. These counterparties are obligated to make fixed reservation or similar payments, regardless of whether such customers use the amount of capacity that they have reserved with respect to the Cove Point Facilities.

Strategic location within the developed area of existing facilities. We believe that the Liquefaction Project s location within the developed area of the existing Cove Point LNG Facility provides significant cost advantages for Cove Point by allowing Cove Point to utilize the existing marine facilities, interconnecting pipelines, storage capacity and other infrastructure.

Financial flexibility and strong capital structure. At the consummation of this offering, we will not have any outstanding indebtedness and will have an undrawn borrowing capacity of $300 million under our credit facility with Dominion, allowing us to competitively pursue acquisitions and future organic growth opportunities.

Our competitive strengths are subject to a number of risks and competitive challenges. Please read Risk Factors Risks Inherent in Our Ability to Generate Stable and Growing Cash Flows and Business Competition.

About Cove Point

Overview

Cove Point is a Delaware limited partnership currently owned by Dominion. Cove Point s operations currently consist of LNG import and storage services at the Cove Point LNG Facility and the transportation of domestic natural gas and regasified LNG to Mid-Atlantic markets via the Cove Point Pipeline. Following binding commitments from counterparties, Cove Point has requested regulatory approval to operate the Cove Point LNG Facility as a bi-directional facility, able to import LNG and vaporize it as natural gas or to liquefy domestic natural gas and export it as LNG. Cove Point was acquired by Dominion in September 2002, nearly a year after the FERC issued a certificate authorizing reactivation of the original facilities and resumption of LNG imports. Under Dominion s ownership, various construction activities were completed and the reactivated import facilities, including an underwater tunnel and offshore pier, were placed into service in August 2003. Cove Point has also undertaken and completed several additional major capital projects since the facility was reactivated in 2003, including but not limited to the following:

In December 2004, a fifth LNG storage tank was added at the Cove Point LNG Facility, increasing the total LNG storage capacity from approximately 5.0 Bcfe to approximately 7.8 Bcfe.

In May 2005, an additional 445 MDt/day of firm transportation capacity was created flowing from west to east on the Cove Point Pipeline.

In December 2006, Cove Point refurbished and reactivated two existing but unused waste heat vaporizers at the Cove Point LNG Facility to deliver an additional 250 MDt/day of regasification capacity from the Cove Point LNG Facility during off-peak periods.

In December 2007, Cove Point added two new air separation units, a liquid nitrogen storage tank, an electric generation unit and appurtenant facilities to the Cove Point LNG Facility in order to increase Cove Point s nitrogen injection capabilities, allowing the Import Shippers to source LNG from a wider variety of sources.

In January 2009, Cove Point added two LNG storage tanks and other facilities to the Cove Point LNG Facility resulting in approximately 6.8 Bcfe of storage capacity and an increased regasification capacity of 800 MDt/day.

In March 2009, Cove Point added 800 MDt/day of firm transportation capacity to the Cove Point Pipeline.

Table of Contents

In January 2011, Cove Point modified its offshore pier and related facilities to accommodate docking of LNG tankers carrying cargos of up to 267,000 cubic meters of LNG, up from the previous limit of 148,000 cubic meters.

Through December 31, 2013, Cove Point incurred $347.5 million of development costs associated with the Liquefaction Project.

Operations

Cove Point s Import/Storage/Regasification Facilities

The Cove Point LNG Facility includes an offshore pier, LNG storage tanks, regasification facilities and associated equipment required to (i) receive imported LNG from tankers, (ii) store LNG in storage tanks, (iii) regasify LNG and (iv) deliver regasified LNG to the Cove Point Pipeline. The Cove Point LNG Facility has an operational peak regasification capacity of approximately 1,800 MDt/day and an aggregate LNG storage capacity of 695,000 cubic meters of LNG, or approximately 14.6 Bcfe, all of which is currently fully contracted. In addition, the Cove Point LNG Facility has an existing liquefier (unrelated to the Liquefaction Project) capable of liquefying approximately 15 MDt/day of natural gas. This liquefaction capacity is primarily used to liquefy natural gas received from domestic customers that store LNG in our tanks for use during peak periods of natural gas demand. Cove Point offers both (i) open access jurisdictional services with cost-based rates and terms and conditions that are part of a tariff approved by the FERC (***open access services***), and (ii) non-open access, proprietary non-jurisdictional services with rates, terms and conditions that are determined by arm s length negotiations with customers (***non-open access services***). Facilities constructed to provide open access services represent 1,000 MDt/day of regasification capacity, 7.8 Bcfe of storage capacity (consisting of five tanks), and the full capacity of the liquefier. The remaining capacity, 800 MDt/day of regasification and 6.8 Bcfe of storage (consisting of two tanks), was constructed to provide the non-open access services. Cove Point s two-berth pier is located approximately 1.1 miles offshore in the Chesapeake Bay. Cove Point operates the Cove Point LNG Facility on an integrated basis with no equipment exclusively used for the benefit of open access or non-open access services.

Cove Point currently provides services under (i) long-term agreements with the Import Shippers for an aggregate of 1,000 MDt/day of firm and off-peak regasification capacity, and (ii) long-term agreements for an aggregate 204 MDt/day of firm capacity with four Storage Customers who receive firm peaking services, whereby the Storage Customers deliver domestic natural gas to the Cove Point LNG Facility to be liquefied and stored during the summer for withdrawal on a limited number of days at peak times during the winter. Cove Point also has an additional 800 MDt/day of regasification capacity committed under a separate agreement with Statoil, one of the Import Shippers. Although the Cove Point LNG Facility is not currently receiving any LNG import shipments (other than to maintain the facility in a cryogenic state), its customers are required to pay fixed monthly charges, regardless of whether they use the amount of capacity they have paid to reserve at the Cove Point LNG Facility. Following the expiration of certain Cove Point regasification and transportation contracts with Statoil in 2017, the resulting available storage and transportation capacity will be utilized in connection with the Liquefaction Project.

Cove Point s Import/Storage/ Regasification Customers and Contracts

Cove Point s customers receiving open access services for firm LNG tanker discharging (***LTD-1***) and firm peaking are as follows:

Each of the Import Shippers; namely, BP Energy Company, Shell NA LNG, Inc., and Statoil have reserved 250 MDt/day of regasification capacity, resulting in a total of 750 MDt/day, and each is obligated to make fixed monthly reservation payments to Cove Point for LTD-1 service; in addition, the Import Shippers have reserved a total of 250 MDt/day of incremental regasification capacity that is subject to certain excused interruptions, including the regasification of the Storage Customers, and each Import Shipper is obligated to make fixed monthly reservation payments to Cove Point for this LTD-1 (ISQ) service; and

Table of Contents

The Storage Customers; namely, Atlanta Gas Light Company, Public Service Company of North Carolina, Incorporated, Virginia Natural Gas, Inc., and Washington Gas Light Company receive firm peaking services whereby they deliver domestic natural gas to the Cove Point LNG Facility. Once the domestic gas is received at the Cove Point LNG Facility, it is liquefied and stored during the summer for withdrawal on a limited number of days at peak times during the winter. Storage Customers have reserved, in total, 204 MDt/day of regasification capacity and are obligated to make fixed monthly reservation payments.

In addition, non-open access service, which consists of 800 MDt/day of the regasification capacity and 6.8 Bcfe of storage capacity, is under an agreement with Statoil that will expire in 2017. Similar to the open access LTD-1 service, Statoil pays reservation-type monthly fees irrespective of its use of the capacity it has reserved. Upon expiration of the non-open access Statoil contract, this capacity is anticipated to be utilized as part of the proposed Liquefaction Project. The following table sets forth certain details of Cove Point s long-term agreements with its customers related to its import/storage/regasification facilities and existing liquefier.

Cove Point Import Shippers / Storage Customers

	Contract Expiration	Capacity (in Dt/day)	Annual Reservation Payments(1) (in thousands)
Import Shipper			
BP Energy Company(2)	8/18/2023	250,000	$ 23,948
Shell NA LNG, Inc.(2)	8/18/2023	250,000	23,948
Statoil(2)	8/18/2023	250,000	23,948
Statoil(3)	5/1/2017	800,000	117,673
Storage Customer(4)			
Atlanta Gas Light Company	4/15/2015	69,000	2,006
Public Service Company of North Carolina, Incorporated	4/15/2021	25,000	727
Virginia Natural Gas, Inc.	4/15/2016	10,000	291
Washington Gas Light Company	4/15/2015	50,000	1,028
Washington Gas Light Company	8/31/2018	50,000	857
Total (subject to rounding)		1,754,000	$ 194,425

(1) These reservation payments are subject to potential changes at and after January 1, 2017 because Cove Point is required to file its next rate case with the FERC in 2016, except for reservation payments identified in note 3 below.

(2) In addition, the Import Shippers have an additional 250 MDt/day of capacity, in total, that is subject to certain excused interruptions and each Import Shipper is obligated to make fixed monthly reservation payments to Cove Point for this service.

(3) Statoil s maximum daily delivery quantity under this contract will decrease commencing January 1, 2017, in advance of contract expiration on May 1, 2017, resulting in total anticipated reservation payments of approximately $10.7 million in 2017.

(4) Several of these contracts are subject to evergreen provisions and may be renewed.

Cove Point s Pipeline Facilities

The Cove Point Pipeline is a 36-inch diameter bi-directional underground, interstate natural gas pipeline that extends approximately 88 miles from the Cove Point LNG Facility to interconnections with pipelines owned by Transco in Fairfax County, Virginia, and with Columbia and DTI, both in Loudoun County, Virginia. In 2009, the original pipeline was expanded to include a 36-inch diameter loop that extends approximately 48 miles, roughly seventy-five percent (75%) of which is parallel to the original pipeline. Cove Point has two existing

Table of Contents

compressor stations at its interconnections with the three upstream interstate pipelines. The Loudoun Compressor Station is located at the western end of the Cove Point Pipeline where it interconnects with the pipeline systems of DTI and Columbia. The Pleasant Valley Compressor Station is located roughly 13 miles to the southeast of the Loudoun Compressor Station, where the Cove Point Pipeline interconnects with Transco s pipeline system.

Cove Point offers open-access transportation services, including firm transportation, off-peak firm transportation and interruptible transportation, with cost-based rates and terms and conditions that are subject to the jurisdiction of the FERC. Firm transportation services are generally provided based on a reservation-based fee that is designed to recover Cove Point s fixed costs and earn a reasonable return. Cove Point also provides certain incrementally priced, firm transportation services that are associated with expansion projects. Export Customers will be responsible for procuring their own natural gas supplies and transporting such supplies to the Cove Point Pipeline, which serves as the primary method of transportation of natural gas supplies to or from the Cove Point LNG Facilities.

Cove Point s Pipeline Customers and Contracts

The Firm Transportation Customers are required to pay fixed monthly fees, regardless of whether they use their reserved capacity for the Cove Point Pipeline. The Firm Transportation Customers include the Import Shippers, the Storage Customers, Sempra Energy Trading LLC and Virginia Power Services Energy Corp., Inc., an affiliate of Cove Point. Additionally, 660 MDt/day of firm transportation currently reserved by Statoil will be utilized in conjunction with the Liquefaction Project. Customers may generally extend the term of their agreements beyond their stated expiration date by (i) agreeing to match the highest value bid offered to Cove Point for the customer s firm service, or any portion thereof, through the bidding process described in Cove Point s FERC Gas Tariff and (ii) executing a new service agreement incorporating the new rate and term. The following table sets forth certain details of Cove Point s existing agreements with its customers related to its firm and off-peak transportation services.

Cove Point Pipeline Transportation Customers

Transportation Customer	Contract Expiration(1)	Capacity (in Dt/day)	Annual Reservation Payments(2) (in thousands)
Atlanta Gas Light Company	4/15/2015	69,000	$ 363
BP Energy Company(3)	8/18/2023	250,000	1,434
Public Service Company of North Carolina, Incorporated	4/15/2021	25,000	132
Sempra Energy Trading LLC	5/31/2016	24,000	126
Shell NA LNG, Inc.(3)	8/18/2023	250,000	1,434
Statoil(3)	8/18/2023		