

## ***ATTACHMENT 1***

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<http://www.duke-energy.com/corporate-governance/board-committee-charters/finance-and-risk-management.asp>

### **CHARTER OF THE FINANCE AND RISK MANAGEMENT COMMITTEE OF THE BOARD OF DIRECTORS OF DUKE ENERGY CORPORATION**

(May 10, 2007)

#### **I. General Focus**

The Finance and Risk Management Committee (the "Committee") shall:

- \* Review Duke Energy's financial and fiscal affairs;
- \* Make recommendations to the Board of Directors (the "Board") regarding dividend, financing and fiscal policies;
- \* Review the financial exposure of Duke Energy together with mitigating strategies;
- \* Review Duke Energy's risk exposure as related to the overall company portfolio and impact on earnings;
- \* Determine whether actions taken by management with respect to financial matters are consistent with the Approval of Business Transactions Policy and associated Delegation of Authority;
- \* Review the financial impacts of major transactions, such as mergers, acquisitions, reorganizations and divestitures;
- \* Provide oversight for information technology security and risk; and
- \* Review systems, processes and organizational structure and people responsible for the finance and risk functions.

#### **II. Structure and Operations**

The Committee shall be comprised of two or more members of the Board.

Each member of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by majority vote of the Board.

The Board shall elect the Chair of the Committee. Although the Committee will strive toward consensus, the Chair shall be entitled to cast an additional vote to resolve any ties. The Chair will approve the agendas for Committee meetings.

### III. Meetings

The Committee shall meet as frequently as circumstances dictate. The Chair of the Committee or a majority of the members of the Committee may call a special meeting of the Committee.

All non-management directors who are not members of the Committee may attend meetings of the Committee, but may not vote. Additionally, the Committee may invite to its meetings any director, member(s) of management of the Corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate in order to carry out its responsibilities.

A majority of the Committee members, but not less than two, will constitute a quorum. A majority of the Committee members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or videoconference and may take action by unanimous written consent.

The Committee shall appoint a person who need not be a member thereof to act as secretary, and minutes of its proceedings shall be kept in minute books provided for that purpose. The agenda of each meeting will be prepared by the secretary and, whenever reasonably practicable, circulated to each member prior to each meeting.

### IV. Responsibilities and Duties

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and shall have the sole authority to retain outside counsel or other experts for this purpose, including the authority to approve the fees payable to such counsel or experts and any other terms of retention.

#### Financial and Fiscal Affairs

1. Periodically review the long-term and short-term financial objectives and policies of the Corporation, including dividend policy, and recommend such policies and objectives for action by the Board where appropriate.
2. Review the financial condition and operating results of the Corporation.
3. Evaluate the financing requirements of the Corporation and management's proposed financing plans. Recommend to the Board those authorizations, filings and applications necessary and appropriate to enable management to execute such plans.

4. Review any major budget variances as defined in the Approval of Business Transactions Policy for supplemental funding requests.

5. Review the financial exposures undertaken by the Corporation together with any mitigating strategies, including insurance, and consider these in light of the approved Corporate Risk Management Policies and the Approval of Business Transactions Policy (and associated Delegation of Authority). Such exposures include physical and financial positions in commodities markets; derivatives strategies; capital commitments; sovereign and foreign exchange exposures; undertakings assumed in turnkey construction or engineering agreements, including liquidated damages; and exposure to interest rate fluctuations.

6. Review the risk exposures and impact to earnings for Duke Energy's commodity portfolio.

7. Consider and recommend to the Board of Directors common stock sales, repurchases or splits, as appropriate, and payments of quarterly dividends.

8. Review entry into and status of Duke Energy's credit facilities.

9. Review periodically investment guidelines and performance, including investment aspects of pension trusts and other employee benefits programs.

10. Review financial implications of any significant transactions requiring Board approval, such as mergers, acquisitions, reorganizations and divestitures.

#### Information Technology

11. Provide oversight for matters related to the security of and risks related to information technology systems and procedures.

#### Reports

12. Report regularly to the Board (i) following meetings of the Committee and (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities, provide such recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make such a report.

13. Maintain minutes or other records of meetings and activities of the Committee.

#### V. Annual Performance Evaluation

The Committee shall have oversight to perform a review and evaluation, at least annually, of the performance of the Committee and its members, including a review of the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.