

**Dominion Resources, Inc.**  
("Dominion")

**Audit Committee Charter**

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**I. INTRODUCTION**

This charter assigns specific oversight responsibilities and authority to the Audit Committee. Management is responsible for the preparation, presentation and integrity of Dominion's financial statements; accounting and financial reporting principles; internal controls; and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Dominion's independent auditor is responsible for performing an independent audit of the consolidated financial statements in accordance with generally accepted auditing standards.

**II. ROLE AND PURPOSE**

The Committee will be responsible for assisting the Board with oversight of the following:

- Dominion's relationship with its independent auditor; including the firm's qualifications, independence and performance;
- The integrity of Dominion's financial statements and reporting practices;
- Dominion's compliance with legal and regulatory requirements; and
- The performance of Dominion's internal audit function.

The Committee will also provide an open avenue of communication among the independent auditor, financial and senior management, internal audit department and Board of Directors.

**III. ORGANIZATION AND MEMBERSHIP**

1. The Committee is comprised of three or more Directors who are appointed by the full Board and who serve at the Board's pleasure. Unless a Chair is elected by the Board, the Committee may designate a Chair by majority vote of its members.
2. Each Committee member shall be an "independent" Director in accordance with the applicable rules and regulations of the New York Stock Exchange and the Securities and Exchange Commission (the "SEC"). All members of the Committee shall be, or become within a reasonable period of time, financially literate as determined by the Board. The Committee shall also comply with the following requirements:
  - Directors' fees (including Committee fees) are the only compensation a Committee member may receive, either directly or indirectly, from Dominion;
  - At least one Committee member shall be a "audit committee financial expert," as defined by the rules of the SEC and as disclosed by Dominion; and

- If a Committee member simultaneously serves on the audit committee of more than three public companies, the Board must determine that such simultaneous service would not impair his or her ability to serve on the Committee and must disclose this determination.
3. The Committee will meet at least four times annually or more frequently as circumstances dictate, and report regularly to the Board on all of the matters discussed and acted on by the Committee. A majority of the Committee constitutes a quorum, and the Committee may act by unanimous written consent.

#### **IV. ADMINISTRATION AND DELEGATION**

1. The Committee is authorized to obtain advice and assistance from independent counsel and other advisors as it believes necessary and appropriate, and it will have the funding and sole authority to retain and terminate such advisors and to approve such advisors' fees and other retention concerns.
2. Except as described below, the Committee may delegate functions to a subcommittee of one or more members only with the Board's approval.
3. On an annual basis, the Committee will:
- Review and approve its report to be included in Dominion's proxy statement
  - Evaluate its performance and
  - Review this charter and update it as necessary (with any amendments subject to approval by the Board).
  - Determine its funding requirements for the auditor or any advisors.

#### **V. RESPONSIBILITIES AND DUTIES**

The Committee's responsibilities and duties will be as follows:

##### **A. Governance and Corporate Responsibility**

1. Appoint, compensate, retain, oversee, evaluate and when necessary or desirable, terminate Dominion's independent auditor, including approving the auditor's engagement fees and terms as well as significant non-audit engagements of the independent auditor. As part of its oversight responsibilities, the Committee will examine the independent auditor's qualifications, independence and compliance with partner rotation requirements. The independent auditor reports directly to the Committee. The Committee shall have the sole authority with respect to, and may not delegate these responsibilities.
2. Pre-approve all auditing services and permitted non-audit services to be provided by Dominion's independent auditor including establishment of detailed pre-approval policies. The Committee may delegate the authority to grant pre-approvals only to one or more of its members, whose decisions must be presented to the Committee for its ratification. Dominion will disclose the

Committee's approval of any non-audit services by the independent auditor in its periodic reports filed with the SEC.

3. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
4. At least annually, obtain and review a written report by the independent auditor describing the following:
  - All relationships the independent auditor has with Dominion, including any non-audit services and related fees;
  - The firm's internal quality-control procedures;
  - Any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any governmental or professional inquiry or investigation within the preceding five years respecting one or more independent audits carried out by the firm; and
  - Any steps taken to address any such issues.
5. The Committee will periodically meet with the independent auditor, the internal auditor and management , in separate executive sessions, to discuss any matters that the Committee or these groups believe should be discussed privately.
6. Resolve any disagreements between management and the independent auditor.
7. Review the internal audit function (including its responsibilities, budget and staffing as well as any significant reports it prepares for management) and discuss these with the internal auditor, management and the independent auditor.
8. Approve the appointment and replacement of the senior internal auditing executive.
9. Approve hiring into a controller, managing director, director or officer level position, any employee or former employee of the current independent auditor. In addition, approve hiring such employee or former employee into a position with oversight of the financial reporting process.
10. Establish procedures for the following:
  - The receipt, retention and treatment of complaints received by Dominion regarding accounting, internal accounting controls or auditing matters; and
  - The confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

11. Review, and have the power to approve or disapprove, any request for a waiver of or pre-approval of a transaction under any of Dominion's code of conduct or ethics policies involving a Director or executive officer.

## **B. Audit Function and Financial Statements**

1. Consider the audit scope and plans of the independent auditor and internal auditor and the audit procedures to be utilized.

The independent auditor will report to the Committee on the following:

- All critical accounting policies and practices utilized by Dominion;
- All material communications between the independent auditor and management, such as any management letter, schedule of judgement differences or schedule of unadjusted differences; and
- All alternative treatments of financial information that have been discussed with management.

The internal auditor will report to the Committee on the following:

- The development of the annual audit plan;
- Any unjustified restriction or limitation placed on the audit function;
- Any unresolved issues which would have an impact on internal controls or the financial statements; and
- The reasons for any significant deviations from the established annual audit plan.

2. Review and consider Dominion's annual and quarterly financial statements, related reports and findings from the company's Disclosure Committee, and meet to discuss them with management and independent auditor, including the following:

- Major issues regarding accounting principles and financial statement presentation, including any significant changes in the selection or application of accounting principles or adoption of new principles;
- Disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Dominion's financial statements;
- Major issues as to the adequacy of Dominion's internal controls and any special audit steps adopted in light of significant deficiencies and material weakness; and
- Analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements, including analyses of the effects of applying alternative accounting principles on the financial statements.
- Effect of regulatory and accounting initiatives, as well as off-balance sheet structures on the financial statements.

3. Review the effectiveness of the Company's internal control over annual and interim financial reporting, including information technology security and control. Establish procedures for management, the independent auditors and the internal auditors to report any significant deficiencies and reportable conditions in the design or operation of Dominion's internal controls, as well as any fraud that involves management or other employees who have a significant role in the internal controls
4. Review with the independent auditor any audit problems or difficulties, including the following:
  - Any restrictions on the scope of the firm's activities or its access to requested information;
  - Any disagreements with management;
  - Accounting adjustments proposed by the independent auditor but not adopted;
  - Communications between the audit teams and the audit firm's national office with regard to auditing or accounting issues presented by the engagement; and
  - Any management or internal control letter issued or proposed to be issued by the independent auditor.

The Committee will also review management's responses to these issues.

### **C. Other Duties**

1. Review and discuss with management the type and presentation of information included in Dominion's earnings news releases as well as financial information and earnings guidance provided to Dominion's securities analysts and rating agencies.
2. Review and discuss periodic reports from the Board's Finance and Risk Oversight Committee, or such successor committee, concerning that Committee's risk assessment and oversight responsibilities.
3. Review and discuss periodic reports from the General Counsel, Chief Risk Officer and the Chief Nuclear Officer, or such other appropriate or successor positions.
4. Perform such other functions as may be assigned by the Board of Directors or as specified in its Corporate Governance Guidelines or any policies approved by the Board.