

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

AUDIT COMMITTEE
MEETING MINUTES

January 29, 2003

Committee Member Attendees: Jeff Lipscomb, Chair
 Dave Cottrell
 Sam Cason

Other Directors in Attendance: Bruce Davison
 Pat Jasper

Guests: Kathy Porterfield, KPMG
 Irina Harding, KPMG

Staff in Attendance: Joe Griffith, General Manager
 Lee Thibert, Executive Manager, Power Delivery
 Bill Stewart, Executive Manager, Administration
 Brad Evans, Executive Manager, Energy Supply
 Mike Cunningham, Chief Financial Officer
 Katrina Storjohann, Manager, Corporate Budget
 Sherri McKay, Financial Analyst
 Jody Wolfe, Manager, Accounting
 Kathy Harris, Manager, Plant Accounting
 Dan Knecht, Manager, Administrative Services
 John Cooley, Manager, Power Control
 Don Edwards, General Counsel
 Carol Johnson, General Counsel

Recording Secretary: Connie Owens, Executive Secretary

I. Call To Order

Chair Lipscomb called the Audit Committee meeting to order on Wednesday, January 29, 2003, at 4:00 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Minnesota Drive, Anchorage, Alaska.

II. Approval of the Agenda

Director Cason moved and Director Cottrell seconded the motion to approve the agenda. Motion passed unanimously.

III. Minutes

Director Cottrell moved and Director Cason seconded the motion to approve the minutes of March 4, 2002. The motion passed unanimously.

IV. Independent Audit of Financial Statements – Discussion with KPMG Managing Partner (Kathy Porterfield)

Kathy Porterfield, Managing Partner with KPMG reviewed who the engagement team would consist of, significant audit areas, regulatory matters, bond refinancing, compliance with debt covenants, deferred debits and credits, litigation, claims, disputes, new audit standards, pre-approval of non-audit fees.

Director Cottrell requested that the auditors look seriously into potential “off balance sheet” arrangements such as Bradley Lake, Nikiski, and the Alaska Intertie accounting methods. Director Cottrell would also like them to review Chugach legal commitments and investments where we have some type of legal commitment, to see if we have any contingent problem that may come up in the future such as the Southern Intertie Contract.

Director Lipscomb is interested in the results of KPMG’s review of construction project expenditures.

An Audit Committee meeting was scheduled March 5, 2003 at 4:00 p.m. to review the results of the KPMG audit.

Director Cottrell moved and Director Cason seconded the motion to approve the engagement letter for KPMG to review Chugach Electric Association’s 2002 federal and state tax return(s) and other tax matters that may arise. The motion passed unanimously.

V. General Comments & Correspondence

- a. KPMG’s Defining Issues – Revised Audit Committee Requirements

VI. Adjourn

Director Cottrell moved and Director Cason seconded the motion to adjourn. The motion passed unanimously.