

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**ANCHORAGE, ALASKA**  
**May 2, 2007**  
**Wednesday**

**3:30 p.m.**

**BOARD OF DIRECTORS'**  
**AUDIT COMMITTEE MEETING**

Committee Members present: Elizabeth Vazquez, Chairman  
P.J. Hill (arrived at 3:36 p.m.)  
Alex Gimarc  
Jeff Lipscomb (arrived at 3:40 p.m.)

Other Directors present: Uwe Kalenka  
Alan Christopherson  
Jim Nordlund

Employees and Guest in attendance:

|                        |                       |                     |
|------------------------|-----------------------|---------------------|
| Bill Stewart           | Mike Hodsdon, IBEW    | Keith Sanders, CIRI |
| Tuckerman Babcock, MEA | Ed Jenkin             | Jean Sauget         |
| Lorali Carter, MEA     | Marie Marguarel, KPMG | Phil Steyer         |
| Mike Cunningham        | McKay-Highers         | Mary Tesch          |
| Don Edwards, Dorsey    | Joe Miller            | Lee Thibert         |
| Brad Evans             | Scott Miller, KPMG    | Amber Van Treeck    |
| Mark Fouts             | Connie Owens          | Ron Vecera          |
| Margaret Hansel        | Jim Patras, HEA       | Jim Walker, MEA     |
| Carol Heyman           | Mary Patterson        |                     |

Recording Secretary – DeAnna Scott, Executive Assistant.

**I. Call to Order**

The Audit Committee was called to order by Chair Vazquez at 3:30 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

**II. Approval of Agenda**

Director Gimarc moved and Director Vazquez seconded the motion to approve the agenda. The motion passed unanimously.

**III. Approval of Minutes (3/28/07)**

Director Gimarc moved and Director Vazquez seconded the motion to approve the March 28, 2007, meeting minutes. The motion passed unanimously.

**IV. Customer Comments**

a. Wholesale Customer Comments - None

b. Retail Customer Comments - None

**V. KPMG LLP Engagement Letter**

Mr. Scott Miller, KPMG, LLP Engagement Partner explained to the committee the purpose of the Engagement Letter and answered questions of the committee. Director Lipscomb moved and Director Hill seconded the motion that the Audit Committee recommends to the Board of Directors that the KPMG LLP be retained in accordance to April 25, 2007, letter. The motion passed unanimously.

**VI. KPMG LLP 2006 FERC Form 1 Certification**

Mr. Scott Miller, KPMG, LLP discussed with the committee the status of the FERC Form 1 Certification which will be issued on May 7, 2007, and has to be filed with the Federal Energy Regulatory Commission by May 18, 2007, and answered questions of the committee.

**VII. Directors Comments**

**Director Vazquez:** None

**Director Hill:** None

**Director Nordlund:** None

**Director Kalenka:** None

**Director Christopherson:** None

**Director Lipscomb:** None

**Director Gimarc:** None

**VIII. Correspondence**

a. Letter to the Audit Committee of the Board of Directors (March 9, 2007)

**IX. Executive Session**

At 3:56 p.m., Director Gimarc moved that pursuant to Alaska statute 10.25.175(c)(1), and (3), the Board go into executive session to discuss (1) matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; and (3) matters with its attorneys the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The items to be discussed in the executive session are: 1) 1<sup>st</sup> Quarter 10Q Filing 2) Labor. ***There was no second or vote by the Committee recorded to go into Executive Session.***

**VI. Adjourn**

Director Gimarc moved and Director Lipscomb seconded the motion to adjourn the Operations Committee Meeting. The Operations Committee meeting adjourned at 4:08 p.m.