

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**AUDIT COMMITTEE**  
**MEETING MINUTES**

**August 10, 2005**

Committee Member Attendee: David Cottrell, Chairman  
Alan Christopherson  
Elizabeth Vazquez  
Bruce Davison

Other Directors Present: Ray Kreig  
Uwe Kalenka  
Jeff Lipscomb

The following employees, members, and guests attended:

Joe Griffith	Brian Hickey	Mike Pauley
Gina Armstrong	Sherri McKay-Highers	Kathy Porterfield
Bill Bernier	Dianne Hillemeier	David Smith
Patti Bogan	Ed Jenkin	Bill Stewart
Mike Cunningham	Carol Johnson	Phil Steyer
Brad Evans	Kathy Harris	Katrina Storjohann
Rick Freymiller	Dan Knecht	Lee Thibert
Irena Harding	Arthur Miller	Jody Wolfe
Carol Heyman	Connie Owens	

Recording Secretary: DeAnna Scott, Executive Assistant

**I. Call To Order**

Chairman Cottrell convened the Audit Committee meeting on Wednesday, August 10, 2005, at 4:22 p.m. in the boardroom of Chugach Electric Association Inc., 5601 Electron Drive, Anchorage, Alaska.

**II. Approval of Agenda – August 10, 2005**

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

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**III. Approval of Minutes – May 12, 2005**

Director Christopherson moved and Director Davison seconded the motion to approve the minutes of May 12, 2005. The motion passed unanimously.

**IV. Customer Comments**

a. Wholesale Customer Comments

Mike Pauley, MEA Manager of Government and Corporate Communication, stated he wanted to share with the Committee copies of the July and August editions of Matanuska Electric Association's newsletter "Powerline" for their reading and pointed out the article: "Good projects, bad projects and how they affect your pocketbook".

b. Retail Customer Comments

No comments.

**V. KPMG 2nd Quarter Limited Review - KPMG**

Kathy Porterfield from KPMG presented to the Committee the 2<sup>nd</sup> Quarter Limited Review letter and responded to questions.

**VI. Audit Engagement Letter - KPMG**

Kathy Porterfield from KPMG presented to the committee the Audit Engagement Letter and responded to questions. Director Christopherson moved and Director Vazquez seconded the motion to approve the Audit Engagement Letter as presented by KPMG. The motion passed unanimously.

**VII. Director Comments**

None.

**VIII. Correspondence**

- a. SEC Form 8-K Filing – Director Appointment
- b. Alabama Power Company SOX 404 Implementation
- c. 2004 – Complying with SOX 404, The Good, The Bad, & The Ugly
- d. SOX 404 – 2004 Post Mortem and Consideration for On-Going Compliance
- e. Reply Letter – SEC Comment Letter (*July 21 2005 Reply*)
- f. SEC Comment Letter (*August 1, 2005 Follow-up to July 21, 2005 Reply*)

**IX. Executive Session**

At 4:49 p.m., Director Christopherson moved and Director Vazquez seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) and (2) 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; 3) subjects that tend to prejudice the reputation and character of a person; however, the person may request a public discussion; and (3) matters discussed with an attorney for the cooperative, the immediate knowledge of which could have an adverse effect on the

legal position of the cooperative. The topic to be discussed is the 2<sup>nd</sup> Quarter SEC Form 10Q. The motion passed unanimously.

The Committee reconvened at 5:00 p.m.

**X. Adjourn**

Director Christopherson moved and Director Davison seconded the motion to adjourn. Motion passed unanimously. Meeting adjourned at 5:01 p.m.