

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

FINANCE COMMITTEE
MEETING MINUTES

September 11, 2002

- Committee Member Attendees:** Jeff Lipscomb, Chair
Dave Cottrell
Bruce Davison
Red Boucher
Sam Cason
- Other Board Members In Attendance:** Pat Jasper
- Guests:** Kathy Porterfield
Dan Kennedy
- Staff in Attendance:** Joe Griffith, General Manager
Bill Stewart, Executive Manager, Administration
Lee Thibert, Executive Manager, Power Delivery
Mike Cunningham, Chief Financial Officer
Brad Evans, Executive Manager, Energy Supply
Carol Johnson, General Counsel
Rick Freymiller, Manager, Regulatory Affairs
Katrina Storjohann, Manager, Budget
Sherri McKay, Financial Analyst
Ron Vecera, Director, Member Services
Mark Fouts, Manager, Corporate Planning & Analysis
Gina Armstrong, Financial Analyst
- Recording Secretary:** Connie Owens, Executive Secretary
- I. Call To Order**
Director Lipscomb called the Finance Committee meeting to order at 4:09 p.m. in the Board Room of Chugach Electric Association, Inc., 5601 Minnesota Drive, Anchorage, Alaska.
- II. Approval of Agenda**
Director Boucher moved and Director Cason seconded the motion to approve the agenda as presented. The motion passed unanimously.
- III. Approval of the Minutes**
August 19, 2002 minutes were approved.
- IV. KPMG Litigation**
Kathy Porterfield, Managing Partner of KPMG, gave a brief presentation on KPMG's current litigation profile and responded to questions from the Committee.
- V. 2003 Audit Engagement Letter**
Kathy Porterfield reviewed the 2003 Audit Engagement letter, explained some of the changes and responded to questions from the Committee.

Director Cason moved and Director Cottrell seconded the motion to adopt the engagement letter as presented. Director Cottrell requested the Board be provided with a copy of the peer review report from Price Waterhouse Coopers when it's completed. The motion passed unanimously.

VI. Capital Credits Policy/Review of Other Alaskan Utilities

Ron Vecera gave a presentation on what other Alaskan Utilities are doing in regard to discounting capital credits. He reviewed the current language in Board Policy 126 and discussed a draft resolution for consideration.

Director Cason moved and Director Cottrell seconded the motion to forward the resolution regarding discounting capital credits to the board of directors for adoption.

Dave Cottrell moved and Director Lipscomb seconded the motion to amend the language in paragraph five to read "in accordance with Chugach Board Policy 126." The maker of the motion accepted the amendment. The motion passed unanimously.

Director Boucher moved and Director Cason seconded the motion to recommend acceptance of the amended resolution and forward to the Board of Directors for approval. The motion passed unanimously.

VII. Risk Management Update

Mike Cunningham gave a presentation on Risk Management and responded to questions from the Committee.

The Committee requested a workshop be scheduled to review all the policies in more detail.

VIII. SEC Reporting Responsibilities & Corporate Governance

David Wilson and Don Percival with Heller Erhman reviewed the SEC reporting responsibilities and corporate governance guidelines.

The Committee took a ten-minute recess at 6:00 p.m. They reconvened at 6:10 p.m.

IX. Correspondence/General Comments

- a. 401(k) Plan Management Letter
- b. Letter to 401(k) Plan Committee
- c. 401(k) Financial Statements and Schedule

Joe Griffith responded to questions after review of the employee 401(k) audit.

XII. Executive Session (if required)

None scheduled.

XIII. Adjourn

The meeting adjourned at 6:18 p.m.