

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

November 5, 2008

To: Brad Evans, CEO
Mike Cunningham, CFO

From: Dave Smith, Vice President Administration 
 Dan Knecht, Manager Administrative Services

Subject: October audit for financial transaction approval signatures

We have completed the October audit of randomly selected financial transactions. We received a list of 25 randomly selected transactions generated from the financial system. Using that list we retrieved the backup documentation and reviewed the approval signatures or ensured the items generated from Purchase Orders had completed the 3-way match process. There were no exceptions for October.

- 17 were paid against Purchase Orders or Contracts and were approved via the 3-way matching process or the Contract payment process.
- 3 were check requests with authorizing Signature Authority approval
- 5 were verified by comparing signatures with the Signature Authority Matrix.