



CHUGACH ELECTRIC ASSOCIATION, INC.

Letter to the Audit Committee of
the Board of Directors

November 14, 2002



701 West Eighth Avenue
Suite 600
Anchorage, AK 99501

November 14, 2002

The Audit Committee of the Board of Directors
Chugach Electric Association, Inc.

Dear Members:

As required by Statement on Auditing Standards ("SAS") No. 71, we applied certain limited procedures to the quarterly financial information that appears in the Chugach Electric Association, Inc. (Association) Form 10-Q as of and for the three and nine months ended September 30, 2002. The limited procedures, which consisted primarily of inquiries of management and analytical review, were performed to determine, within the limits of such procedures, whether they brought to our attention any material modifications which should be made to the reported quarterly financial information to conform it with accounting principles generally accepted in the United States of America.

The limited procedures applied to the quarterly financial information did not constitute an audit of such information and, therefore, we do not express an opinion on that information. However, had we concluded, based upon our limited procedures, that the quarterly financial information was not presented in conformity with accounting principles generally accepted in the United States of America, we would have been required to report it to you. No modifications to the quarterly financial information were required as a result of applying the limited procedures described above.

In addition, as required by SAS No. 8, we read the information ("other information") in the Association's Form 10-Q other than the quarterly financial information referred to in this letter. The objective of the reading was to consider whether the other information was materially inconsistent with information appearing in the quarterly financial information. SAS No. 8 does not require that we perform, and we did not perform, any procedures to corroborate the other information and, therefore, we do not express an opinion on the other information. However, as a result of reading the other information, we did not conclude that there were any material inconsistencies between the other information, or the manner of its presentation, and the information or its manner of presentation appearing in the quarterly financial information.

This letter is solely for the information of the Audit Committee and Board of Directors in connection with their review of the Association's quarterly financial information on Form 10-Q for the three and nine months ended September 30, 2002, and is not to be used for any other purpose or referred to in any filing with the Securities and Exchange Commission or otherwise.

Very truly yours,

KPMG LLP

