

**CHUGACH ELECTRIC ASSOCIATION, INC.  
ANCHORAGE, ALASKA**

**November 7, 2007  
Wednesday**

**3:30 p.m.**

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

Committee Members in Attendance: Elizabeth Vazquez, Acting Chair  
Uwe Kalenka  
Jeff Lipscomb  
P J Hill (*Telephonic – joined at 3:57 p.m.*)

Alex Gimarc (*Absent*)  
Rebecca Logan (*Absent*)  
Jim Nordlund (*Absent*)

Guests in Attendance: Jim Posey (ML&P)  
Will Nebesky (SOA-DNR)  
Bob Swenson (SOA-DNR)  
Scott Miller (KPMG)  
Marie Marquardt (KPMG)

Staff in Attendance:

Bill Stewart	Burke Wick	Phil Steyer	Dave Smith
Mike Cunningham	Kathy Harris	Jody Wolfe	Mary Tesch
Carol Johnson	Rick Freymiller	Amber Van Treeck	Ron Vecera
Ed Jenkin	Bill Bernier	Brian Hickey	Connie Owens
Jean Sauget			

Recording Secretary: Divina Portades, Executive Administrative Assistant.

**I. Call To Order**

The Audit Committee Meeting was called to order by Chair Vazquez at 3:37 p.m., in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

**II. Executive Session**

None.

**III. Approval of Agenda**

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

#### **IV. Approval of Minutes**

##### *a. August 8, 2007*

Director Lipscomb moved and Chair Vazquez seconded the motion to approve the August 8, 2007 meeting minutes. The motion passed unanimously.

#### **V. Customer Comments**

##### *a. Wholesale Customer Comments*

None.

##### *b. Member Comments*

None.

#### **VI. 2007 Audit Guidance/Planning Discussion**

Scott Miller and Marie Marquardt of KPMG presented the 2007 Audit Plan to the Audit Committee and answered questions of the Committee.

The committee requested the following items from KPMG and Chugach management to follow up on before the December 5, 2007 Finance Committee Meeting. Chair Vazquez stated that all of these items will be on top of the agenda for the December 5, 2007.

- Audit Guidance/Planning - Round table fee, schedule, training, and any possible recommendations KPMG might have for the Association. KPMG agreed to provide proposed budget, schedules/priorities, and the scope of work.
- Unbundled Financial Statements for the year 2007 - The committee requested that KPMG to audit the Unbundled Financial Statements for year 2007. KPMG agreed to provide proposed budget and scope of work for this task.
- Wholesale and Retail Capital Credits – The committee would like KPMG to audit the handling of the wholesale and retail capital credits. KPMG agreed to provide proposed budget and scope of work for this task.
- Sarbanes Oxley Training – The committee requested that KPMG provides training for the Board of Directors' on the Sarbanes Oxley training. KPMG agreed to work with the Board of Directors' and will get back with information.

#### **VII. Audit of FEMA Funds & Denali Commission Funds Expended in 2006**

Scott Miller and Marie Marquardt of KPMG presented the Audit of FEMA & Denali Commission Funds Expended in 2006 and answered questions of the committee.

Chair Vazquez requested that KPMG work with the Association with the audit deficiencies and what recommendations KPMG might have on the policies and procedures for handling this type of audit. KPMG has agreed to follow up with the

management and add this as an agenda item for the next Finance Committee Meeting in December.

**VIII. Training – Sarbanes Oxley**

Discussion was covered during the KPMG presentation, Agenda Item No. VI.

**IX. Correspondence**

None.

**X. Directors' Comments**

**Director Lipscomb:** None.

**Director Hill:** Well, I think, the discounted capital credits, I think we ought to keep a running total of that sheet as part of the annual report.

**Director Kalenka:** None.

**Director Vazquez:** None.

**XI. Executive Session – (scheduled)**

At 4:20 p.m., Director Lipscomb moved and Director Hill seconded the motion 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. The topic to be discussed in this executive session: Review of the 3<sup>rd</sup> Quarter SEC 10Q Filing. The motion passed unanimously.

The Committee went into executive session at 4:21 p.m. and ended at 4:27 p.m.

**XII. Adjourn**

Director Hill moved and Director Lipscomb seconded the motion to adjourn the Audit Committee Meeting. The meeting adjourned at 4:28 p.m.