

GENERAL SESSION MINUTES

ADR/AUDIT COMMITTEE MEETING

December 16, 2009

ISO Headquarters

Folsom, California

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Tom Page, Chair of the ADR/Audit Committee of the ISO Board of Governors, called the general session meeting to order at approximately 1:10 p.m. Roll call was taken and the presence of a quorum was established.

ATTENDANCE

The following members of the ADR/Audit Committee were in attendance:

Tom Page, Chair
Linda Capuano

The following Board members were in attendance: Mason Willrich, Laura Doll and Kristine Hafner.

The following members of the officer team were present: Yakout Mansour, Steve Berberich, Jim Detmers, Karen Edson, Keith Casey, Brenda Thomas and Nancy Saracino.

GENERAL SESSION

The following agenda items were discussed in general session:

DECISION ON MINUTES

Governor Capuano moved for the approval of the ADR/Audit Committee general session minutes for October 29, 2009. The motion was seconded by Governor Page, and approved 2-0-0.

BRIEFING ON SAS 70 AUDIT

Michael Hulet, with PricewaterhouseCoopers, provided an overview of the purpose of the Type 2 SAS 70 audit and noted that it covered a report period of June 30, 2009 to October 31, 2009. Mr. Hulet stated the opinion was unqualified and the report was issued on December 4, 2009. Mr. Hulet described two exceptions that were identified in the report and noted they did not impact the opinion. Mr. Hulet reviewed the scope of the audit and noted it was similar to the SAS 70 Type 1 scope, and noted this will be a recurring audit. Discussion followed regarding the crossover relationship of the SAS 70 audit to the financial audit. Mr. Hulet provided closing remarks and stated that the ISO had provided the auditors full access to the necessary information.

BRIEFING ON SCOPE OF 2009 FINANCIAL AUDIT

Margaret Lundberg, with PricewaterhouseCoopers, discussed the objectives of the 2009 financial statements audit and provided an overview of the timing. Ms. Lundberg noted that the findings would be reported to the Committee in April or May 2010. Ms. Lundberg discussed the following key audit areas: contingencies, new headquarters, generator fines, and the ISO's new market systems. Ms. Lundberg provided an overview of other audit related projects including retirement plans, benefits and code of conduct. Brief discussion followed.

BRIEFING ON 2009 OPERATIONS REVIEW

Sean Barry, with PricewaterhouseCoopers, provided an overview of the background of the operational assessment and noted that market participants had been surveyed for their input. Mr. Barry stated that the assessment was required by the tariff and that its primary focus was exceptional dispatch. Mr. Barry provided additional details regarding the scope. Mr. Barry described the reporting framework and noted it would be a report of findings, not an opinion. Mr. Barry concluded his presentation by reviewing the timing and noted that the findings would be reported to the Committee in March 2010.

INFORMATIONAL REPORTS

There were no questions or comments on the following two informational reports: Compliance Committee Update and FERC Form 3.

ADJOURNED

There being no additional general session items to discuss, the general session of the ADR/Audit Committee meeting was adjourned at approximately 1:30 p.m.