Attachment C

June 5, 2008 Letter from

Sperry Capital, Financial Advisor

On Bond Pricing Results

June 5, 2008

Mr. Phil Leiber
Chief Financial Officer and Treasurer
The California Independent System Operator Corporation
151 Blue Ravine Road
Folsom, California 95630

Dear Phil,

In advance of our assembling a complete report, we want to offer a few comments this morning on the outcome of your first fixed rate bond sale yesterday. The sale went very well and we want to point out some highlights.

Comparative Results

Two bond issues offer good benchmarks for assessing your yields, the State of California General Obligation Bonds (A1/A+/A+) and the Lower Colorado River Authority (Texas) (A1/A/A). These are both well established credits that are actively traded and their ratings are slightly better than CAISO. As you can see in the table below, a comparison of spreads to the AAA Municipal Market Data (MMD) scale, the standard benchmark in the municipal market, your bonds priced at better levels than both of those bonds. Certainly the current budget problems in California and the fact that many institutions are saturated with the name affect the trading levels of Cal G.O.s. In the case of LCRA we need to take into account that California bonds, in general, trade slightly better than Texas bonds due to California higher marginal state income tax rates. However, the comparisons clearly demonstrate that you accomplished a very successful introduction of the CAISO name into the fixed rate bond market.

	6/4/2008 AAA MMD	6/4/2008 A2/A- CAISO		6/2/2008 A1/A+/A+ CA GO*	5/14/2008 A1/A/A LCRA
Maturity	Yield	Yield	Spread (BPs)	Spread (BPs)	Spread (BPs)
2009	1.77%	2.20%	+43	+48	
2010	2.24%	2.74%	+50		+54
2011	2.60%	3.10%	+50		+56
2012	2.83%	3.33%	+50		+60
2013	2.96%	3.45%	+49	+50	+59
2014	3.10%	3.58%	+48		+61

*Stone & Youngberg published scale

Some of the factors supporting the success of your sale include:

1. **Rating:** Moving the S&P rating into the A range was very important in enhancing demand for the issue. This is a tribute to the success of CAISO management.
2. **Investor Call:** Your presentation on the May 29 institutional investor call was very effective in conveying the essence of the CAISO credit. Your thorough grasp of the corporation's finances demonstrated the high quality of management, a critical factor in credit analysis. The participation of 20 institutions was a good indicator of interest in the issue.
3. **Market Conditions:** The light calendar of issues entering the California market worked in your favor. Although there was some volatility in the fixed income markets, it was not enough to raise problems in the sale.
4. **Demand for Uninsured Paper:** With the historic turmoil in the monoline bond insurance industry, as evidenced by Moody's press release Wednesday that it is placing MBIA and Ambac on credit watch for a possible downgrade, investors are highly focused on underlying ratings. Given the quality of your ratings, there developed a strong demand for the higher yields that your paper carried without bond insurance. This provided the justification for offering the bonds without credit enhancement which the Bank of America showed would provide a superior cost of funds.
5. **A New Credit:** All institutional investors strive for diversity in their holdings. A new name with A ratings proved to be attractive as a vehicle of diversification. This bodes well for your longer term financing for your new headquarters.

The Result: A Strong Book of Orders

Vanguard set the tone for the sale by submitting a $126,660,000 order which included all of the bonds in 2011, 2012, 2013 and 2014 at 6:45 AM…just minutes after the order period was opened. The Vanguard order clearly led the way for the marketing. But several investors submitted major orders as well. Standish, Ayers & Wood submitted an $115,515,000 order which included all of the bonds in 2009, 2012, 2013 and 2014.BlackRock, Fidelity, USAA and American Century each submitted bids for $31,000,000 for all of the 2009 bonds.

Despite relatively low total of $5.625 million of retail orders, this was actually a strong showing for a first-time A2/A- credit. Retail generally gravitates to AAA insurance or higher rated and established names.

The multiple orders for bonds in 2009, 2013 and 2014 enabled Bank of America to tighten the yields in those maturities.

All in all you can be very pleased with the introduction of your credit and look forward to further success in the longer term financing for the headquarters project.

James M. Martling
Principal

James H. Gibbs
Principal