



California ISO
Your Link to Power

Acceptance of Audit California ISO Retirement Savings Benefits Plan for 2009 and 2008

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Audit Committee Meeting

General Session

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US Department of Labor (DOL) requires employee benefit plans to file audited financial statements

- The Plan covers the 401(k) plan which includes the annual company contribution
- Financial statements prepared in accordance with GASB pension reporting standards
- The auditor's opinion is modified in accordance with DOL Standards
 - An audit of the trustee's assets is not required if the investments are maintained at DOL approved trustees

Below is a summary of the activity in the retirement plan during 2009:

Employee contributions	\$ 6.6	
Employer contributions	<u>8.1</u>	
Total contributions:		\$14.7
Increase in value of investments & income		17.5
Benefits paid & costs		<u>(4.5)</u>
Increase in net assets for 2009		27.7
Net assets beginning of year		<u>75.6</u>
Net assets at year-end 2009		\$103.3

Amounts in millions

The following auditor communications are required as part of the rules of professional responsibility:

Communication

Auditor responsibility

Significant accounting policies

Management judgments and estimates

Deficiencies in internal controls

Fraud and illegal acts

Disagreements with management

Consultations with other accountants

Material uncertainties

Significant issues discussed prior to retention

Independence

Response

To perform audit; management is responsible for the financial statements

No changes since 2006

Fair value of investments

None identified

None identified

None

None

None

None

No issues

The following auditor communications are required as part of the rules of professional responsibility:

Communication

Audit adjustments recorded

Audit adjustments unrecorded

Response

None

One entry to adjust the investment in the Plan's stable value fund from contract value to fair value was not recorded. The proposed adjustment amount was \$133K, 0.1% of the Plan's total net assets.

Closing Thoughts

- Financial statements prepared on basis consistent with prior years.
- The 2009 audit was performed and completed on time.
- Audit process improvements planned for the 2010 audit.