

**California Independent System
Operator Corporation**
Code of Conduct Certification Process
Report of Independent Accountants
January 25, 2011





Report of Independent Accountants

To the Board of Governors of the
California Independent System Operator Corporation

We have performed the procedures described in this report, which were agreed to by the California Independent System Operator Corporation ("ISO"), solely to assist you in assessing your process of obtaining certification by employees, contractors and your Board of Governors that they are complying with the ISO Code of Conduct. The ISO is responsible for compliance with its Code of Conduct. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and findings

The procedures we performed and our findings are described at Exhibit I. Such procedures principally consist of our comparison of signed certifications obtained by ISO management to listings of three classes of ISO constituents as of December 5, 2010:

- Employees
- Selected Contractors (see description in Exhibit I)
- Members of the Board of Governors

The date was selected by management to conform with the timing of ISO's annual processes of obtaining such certifications.

Certification forms

Sample copies of the certification forms completed by these constituents are included at Exhibits II, III, IV and V. The sample forms are used by the following:

Employees	Exhibits II and III
Contractors	Exhibit IV
Members of the Board of Governors	Exhibit V

Report limitations

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the level of ISO's compliance with its Code of Conduct. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Governors and management of the ISO, and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

January 25, 2011

California Independent System Operator Corporation

Agreed-Upon Procedures and Findings

Exhibit I

The procedures we performed, and our findings, are described below.

1.) For employees

Procedures performed:

- a.) We obtained the ISO payroll register dated December 10, 2010, for the payroll period ending December 5, 2010.
- b.) For all employees included on the payroll register obtained above, we obtained their certifications to determine if they were signed and if they contained any written indication of exception to ISO requirements.

Management has advised us that for those employees on a leave of absence or other inactive status, as identified by the ISO Human Resources Department, certifications are not required until the employee returns. Eight employees met this criterion, and accordingly, the employees were excluded from the procedures.

Management has advised us that for those employees identified with a status code of "Term" on the payroll register, certifications are not required as these employees had terminated employment prior to December 5, 2010. Sixty-seven employees met this criterion, and accordingly, those employees were excluded from our procedures.

Findings - We performed the above procedures without exception.

2.) For contractors

Procedures performed:

- a.) We obtained a list of all contractors as of December 5, 2010 (provided to us through the ISO Human Resources Department), that are considered by ISO management to be substantially full-time contractors subject to the certification requirement.
- b.) For all contractors included on this contractor list, we obtained their certifications to determine if they were signed and if they contained any written indication of exception to ISO requirements.

Findings - We performed the above procedures without exception.

3.) For Board members

Procedures performed:

- a.) We obtained a list of all members of the Board of Governors of the ISO as of December 5, 2010. This list was obtained from the ISO website and was last updated on October 26, 2010.
- b.) For all board members included on the list, we obtained their certifications to determine if they were signed and if they contained any written indication of exception to ISO requirements.

Findings – We performed the above procedures without exception.

**California Independent System Operator Corporation
Agreed-Upon Procedures and Findings**

Exhibit II

2010 Employee Acknowledgment Form

I hereby acknowledge that I have read the following materials, and agree to comply in full with all of the requirements set forth therein:

- Employees Code of Conduct and Ethical Principles
- Substance Abuse Prevention Policy
- Personnel Risk Assessment Policy
- Harassment Prevention Policy

I have been advised that a copy of the relevant policies and procedures are available for review and printing on the California ISO intranet site. I understand it is my responsibility to read and comply with the policies and procedures, including those that may be cross-referenced in the documents identified above and any revisions made to them.

I understand that the policies described in the documents identified above are necessarily subject to change. Only the Chief Executive Officer of California ISO has the ability to adopt any revisions to the policies described in the documents identified above. Any such changes will be communicated in writing through official notices, which may be delivered by e-mail or via the [California ISO's intranet site \(eCurrent\)](#). Revised information may supersede, modify or eliminate existing policies.

I have entered into my employment relationship with California ISO voluntarily and acknowledge that there is no specified length of employment. Accordingly, I understand and agree that my relationship with California ISO is "at-will," which means that either I or California ISO can terminate the relationship at will, with or without cause, at any time and without notice, so long as there is no violation of any applicable federal or state law. Nothing in the policies described in the documents identified above or this acknowledgment shall limit the right of California ISO to terminate my employment at will.

EMPLOYEE'S NAME (printed): _____

EMPLOYEE'S SIGNATURE: _____

DATE: _____

*It is California ISO's policy to require all employees to execute and return this acknowledgement not less than once each year. In order to receive credit for 2010 mandatory training, you must sign and return this form to the Human Resources Department no later than **October 15, 2010**.*

*In addition, it is California ISO's policy to require all employees to execute and return the Conflict of Interest Disclosure Form not less than once each year. In order to receive credit for 2010 mandatory training, you must sign and return the attached form to the Human Resources Department no later than **October 15, 2010**.*

**California Independent System Operator Corporation
Agreed-Upon Procedures and Findings**

Exhibit III

Policy Agreement & Acknowledgement

I, _____, hereby acknowledge that I have received copies of
(Print full name)

and have read the following materials.

- California Independent System Operator Corporation (“ISO”) Employees Code of Conduct (“Code of Conduct”)
- California ISO Information Security Policy (“Security Policy”)
- California ISO Substance Abuse Prevention Policy (“Substance Abuse Prevention Policy”)

I hereby agree to comply in full with all requirements of the Code of Conduct, the Security Policy, and Substance Abuse Prevention Policy.

Signature

Date

Print Name

**California Independent System Operator Corporation
Agreed-Upon Procedures and Findings**

Exhibit IV

Policy Agreement and Acknowledgement

I, _____, of _____
(PLEASE PRINT NAME) PLEASE PRINT COMPANY NAME)

hereby acknowledge that I have received copies of and have read the following materials:

- California Independent System Operator Corporation (“ISO”) Employees Code of Conduct (“Code of Conduct”)
- California ISO Information Security Policy (“Security Policy”)
- California ISO Workplace Violence Prevention Policy
- California ISO Fitness for Duty Policy (“Fitness for Duty Policy”)
- The ISO Consultant Safety Handbook

I hereby agree to comply in full with all requirements of the Code of Conduct, the Security Policy, and Fitness for Duty Policy. I have read and understand the Fitness for Duty Policy. I understand that performing services for the ISO is contingent upon passing a drug screening test (if so designated in the Contract). I understand that I may be required to undergo drug screening upon reasonable suspicion of actions which violate this policy.

Further, I understand that I am responsible for complying with the Consultant Safety Handbook **and that I also take responsibility for my visitors, my guests and all Consultants that I am supervising on ISO property.** I will convey all information Consultant Safety Handbook to my visitors, my guests and all Consultants that I am supervising on ISO property and make available a copy of the Consultant Safety Handbook to such persons. I understand that noncompliance with the Consultant Safety Handbook may be grounds for termination of the Consulting Agreement and/or Work Order(s) with my employer or myself, or my ability to work on ISO property. If I have any questions regarding the Consultant Safety Handbook, I will contact the Safety Coordinator.

Signature

Date

Company Name: _____

Job Title: _____

Print Name: _____

ISO Contact Name: _____

**California Independent System Operator Corporation
Agreed-Upon Procedures and Findings**

Exhibit V

Governor Acknowledgement Form

I, _____, a Governor of California Independent System Operator Corporation, hereby acknowledge that I have received a copy of the Governors Code of Conduct, as amended through February 25, 1999, and do hereby agree to abide by its terms.

GOVERNOR NAME: _____

SIGNATURE: _____

DATE: _____