

Memorandum

To: ISO Board of Governors

From: Ryan Seghesio, Chief Financial Officer and Treasurer

Date: October 20, 2011

Re: Briefing on Scope of 2011 Financial Audit

This memorandum does not require Board action.

EXECUTIVE SUMMARY

PricewaterhouseCoopers LLP will provide the California Independent System Operator Corporation Board of Governors with a preview of the scope of their audit of the ISO's 2011 financial statements. The ISO prepares and issues two separate statements each year, the annual financial statements (the general purpose financial statements) and the FERC Form 1 financial statements. We have engaged PricewaterhouseCoopers LLP to audit and issue opinions on these statements.

The presentation will include details about the audit objectives, timing, key audit areas, and audit strategy. Additionally, the presentation will provide other communications as required by professional standards and information considered of interest to the Board.