



**California Independent System  
Operator Corporation**  
Code of Conduct Certification Process  
Report of Independent Accountants  
January 31, 2012



## Report of Independent Accountants

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

We have performed the procedures, as set forth in Exhibit I to this report, which were agreed to by the California Independent System Operator Corporation ("ISO"), solely to assist you in assessing your process of obtaining certifications and other compliance procedures for employees, contractors and your Board of Governors related to 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 relate to three classes of ISO constituents as of December 4, 2011:

- 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 process of obtaining such certifications.

### 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 31, 2012

# California Independent System Operator Corporation

## Agreed-Upon Procedures and Findings

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**Exhibit I**

We performed the following procedures and noted the following findings:

### 1.) For employees

Procedures performed:

- a.) We obtained the ISO payroll register dated December 9, 2011, for the payroll period ending December 4, 2011.
- b.) For all employees included on the payroll register obtained above:
  - i) We inspected the ISO report titled "OLM Employee Required Training" and determined that the status of "Completed" as referenced to the criteria Class Name of "All Employee Required Training - Acknowledgement" was indicated for all employees on the report.
  - ii) We obtained their Conflicts of Interest Disclosure Form and inspected the form for signature and whether they contained any written indication of disclosed conflicts. For all forms with disclosed conflicts, we reviewed the form for evidence that the ISO legal department reviewed the conflict as indicated by the reviewer signature on the form.
- c.) For a haphazardly selected sample of 30 employees, performed an independent confirmation of the employees' responses on the Conflict of Interest Confirmation form as follows:
  - i) Obtained a Conflict of Interest Confirmation form from the ISO, for distribution by PricewaterhouseCoopers LLP
  - ii) Distributed the Conflict of Interest Confirmation form to each employee
  - iii) Determined if any of the employees noted any exceptions to the confirmation or did not sign the confirmation.

Management has advised us that for those employees on a leave of absence, as identified by the ISO Human Resources Department, certifications are not required until the employee returns. One employee met this criterion and accordingly, the employee was 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 4, 2011. Accordingly, those employees were excluded from our procedures.

Findings - We performed the above procedures without exception. Noted that for 29 of 30 employees selected there were no exceptions identified in the employee's confirmation. For one employee, an exception condition was identified in the initial response, but was subsequently modified by the employee to indicate that there were no exceptions.

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

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**Exhibit I**

**2.) For contractors**

Procedures performed:

- a.) We obtained a list of all contractors as of December 4, 2011 (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 4, 2011. This list was obtained from the ISO website and was last updated on May 3, 2011.
- 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.