

**California Independent
System Operator Corporation**
Code of Conduct Certification Process
Report of Independent Accountants

December 22, 2017





Report of Independent Accountants

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

We have performed the procedures enumerated below, which were agreed to by the California Independent System Operator Corporation ("ISO"), related to the certification process surrounding ISO's Code of Conduct compliance by their employees, certain contractors, and members of the Board of Governors as of November 26, 2017 (the "subject matter") that certification by employees, selected contractors and members of the Board of Governors were obtained confirming that they were in compliance with selected aspects of ISO's code of conduct as of November 26, 2017. ISO's management is responsible for its compliance with those requirements. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Procedures and results

The procedures performed and results thereof are included in Attachment I. Such procedures relate to three classes of ISO constituents as of November 26, 2017:

- Employees
- Selected Contractors (see description in Attachment 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

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. 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.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

December 22, 2017

The procedures we performed and our results are described below:

1. For Employees

- a. Obtained the following:
 - i. ISO payroll register for the payroll period ending 11/26/2017 (dated 12/1/2017).
 - ii. 2017 Employee Required Training report
 - iii. Conflicts of Interest Disclosure & Analysis report
- b. For all employees included on the payroll register, perform the following:
 - i. Inspected the "2017 Employee Required Training" report to determine that each employee electronically completed the Code of Conduct training, as evidenced by the status of "Completed" and Class Name of "2017 All Employee Required Training: Code of Conduct".
 - ii. Reviewed each employee's responses included on the "Conflicts of Interest Disclosure & Analysis" report to determine whether they contain any indication of disclosed conflicts. Reviewed the report for evidence that the ISO legal department has reviewed the conflict and performed an assessment of the disclosed conflict, as applicable.
- c. For a haphazardly selected sample of 30 employees,
 - i. Performed an independent confirmation of the employee responses on the Conflict of Interest Confirmation form as follows:
 1. Obtained a "Conflicts of Interest Confirmation" form from the ISO and distributed the form to each selected employee.
 2. Obtained the completed "Conflicts of Interest Confirmation" form. Determined that the confirmation form was signed and determined if any of the employees noted any exceptions to the confirmation. Reported all noted exceptions to the ISO upon completion of review.
 - ii) Obtained all quarterly prohibited investment holding communications between Charles Schwab and ISO management.
 1. Compared the list of employees included on each quarterly communication to the employees listed in the "Conflicts of Interest Disclosure & Analysis" report to determine inclusion on the aforementioned report.
 2. Determined that all investments listed in the communications received from Charles Schwab are listed in the "Conflicts of Interest Disclosure & Analysis" report to validate that appropriate disclosures of conflicts were made.

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. Accordingly, any employee on a leave of absence was excluded from our 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 November 26, 2017. Accordingly, those employees were excluded from our procedures.

Results - We performed the above procedures without exception.

2. For Contractors

Procedures performed:

- a. Obtained a list of all contractors from the ISO Human Resources Department that are considered by ISO management to be substantially full-time contractors (ISO contractors) subject to the conflicts of interest certification requirement as of the same date of the payroll register obtained in item 1 above.
- b. For all ISO contractors included on the list obtained above:
 - i. Reviewed each ISO contractor's responses included on the "Contractors Conflicts of Interest Disclosure & Analysis" report to determine whether they contained any indication of disclosed conflicts. Reviewed the report for evidence that the ISO legal department has reviewed the conflict and performed an assessment of the disclosed conflict, as applicable.

Results - We performed the above procedures without exception.

3. For Board Members

Procedures performed:

- a. Obtained a list of all members of the Board of Governors of the ISO as of the date of the payroll register obtained in procedure 1 above.
- b. For all board members included on the list, obtained their "BOG Conflict of Interest Disclosure Form" and determined if they were signed and whether they contained any written indication of exception to ISO requirements. Reported all noted exceptions to the ISO upon completion of review.

Results - We performed the above procedures without exception.