

**GENERAL SESSION MINUTES
AUDIT COMMITTEE MEETING
November 7-8, 2013
ISO Headquarters
Folsom, California**

November 7, 2013

The Audit Committee of the ISO Board of Governors convened the general session meeting at approximately 1:35 p.m. and the presence of a quorum was established.

ATTENDANCE

The following members of the Audit Committee were in attendance:

Ash Bhagwat, Chair
Dave Olsen

The following members of the executive team were present at times throughout the meeting: Steve Berberich, Petar Ristanovic, Mark Rothleder, Keith Casey, Becky Regan and Nancy Saracino

GENERAL SESSION

The following agenda items were discussed in general session:

DECISION ON GENERAL SESSION MINUTES

Governor Olsen moved for approval of the Audit Committee's general session minutes for the July 11, 2013 meeting. The motion was seconded by Governor Bhagwat and approved 2-0-0.

BRIEFING ON SCOPE OF 2013 FINANCIAL AUDIT

Laura Coletti, on behalf of PricewaterhouseCoopers, provided an overview of the scope of the 2013 financial audit objectives and provided an overview of PwC's communications framework. Ms. Coletti discussed their audit strategy and further described the following key audit areas: management override of controls – fraud risk, long term debt – 2013 refinancing transaction, legal contingencies, cash and cash equivalents, investments, fixed assets, due to market participants, and grid

management charge revenues. Ms. Coletti described how specialists in the areas of process assurance and global human resource services would be utilized during the course of the audit. Ms. Coletti discussed perspectives on fraud risk and responsibilities and further described how PwC plans to fulfill its responsibilities. She provided an overview of the timing of the audit and stated the report would be provided to the Audit Committee at its May 2014 meeting. Ms. Coletti described PwC's independent role and provided an overview of other related assurance services. Discussion followed regarding the refinancing transaction and Ms. Coletti confirmed PwC's role was to ensure everything had been accounted for properly per the terms of the refinancing.

INFORMATIONAL REPORT

There were no questions on the informational report titled "Update on investment strategy of the ISO Retiree Medical plan."

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 1:55 p.m.