

Memorandum

To: Audit Committee of the ISO Board of Governors

From: Nancy Saracino, Vice President, General Counsel & Chief Administrative Officer

Date: September 1, 2010

Re: **Acceptance of Audit of the California ISO Retirement Savings Benefits Plan for 2009 and 2008**

This memorandum requires Committee action.

Management has prepared the financial statements for the *California ISO Retirement Savings Benefits Plan* for the years ended December 31, 2009 and 2008, in accordance with applicable reporting standards. The audit, by PricewaterhouseCoopers LLP, was completed on August 27, 2010. The audited financial statements are attached for Committee review.

As the plan administrator to the California ISO Retirement Savings Benefits Plan, the ISO must file annually Form 5500 with the IRS to satisfy various annual reporting requirements in conjunction with the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code. One of the conditions for filing Form 5500 is that the financials of the retirement plan have been audited by an independent qualified public accountant.

PricewaterhouseCoopers LLP has completed its audit of the California ISO Retirement Savings Benefits Plan's financial statements and has concluded that the financial statements are in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Management recommends the following motion:

MOVED, that the Audit Committee of the ISO Board of Governors accepts the audited financial statements of the California ISO Retirement Savings Benefits Plan for the years ended December 31, 2009 and 2008, as audited by PricewaterhouseCoopers LLP, and as attached to the memorandum dated September 1, 2010.