

Memorandum

To: ISO Board of Governors

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

Date: January 27, 2011

Re: Acceptance of Review of 2010 Code of Conduct Certification Procedures

This memorandum requires Board action.

PricewaterhouseCoopers LLP completed its review of the California Independent System Operator Corporation's 2010 code of conduct certification process and issued its report on January 25, 2011. The ISO tariff requires that an independent accounting firm conduct an annual review of the code of conduct certification process. This report satisfies that requirement.

The assessment by PwC confirms that the ISO followed its process and achieved full compliance with the certification requirements for all those who are required to annually certify their compliance with the code of conduct, including employees, substantially full-time contractors and the Board of Governors. PwC did not note any exceptions in its testing.

Therefore, Management proposes the following motion:

Moved, that the ISO Board of Governors accepts the report issued on January 25, 2011 by PricewaterhouseCoopers LLP for the testing of the ISO's 2010 code of conduct certification process.