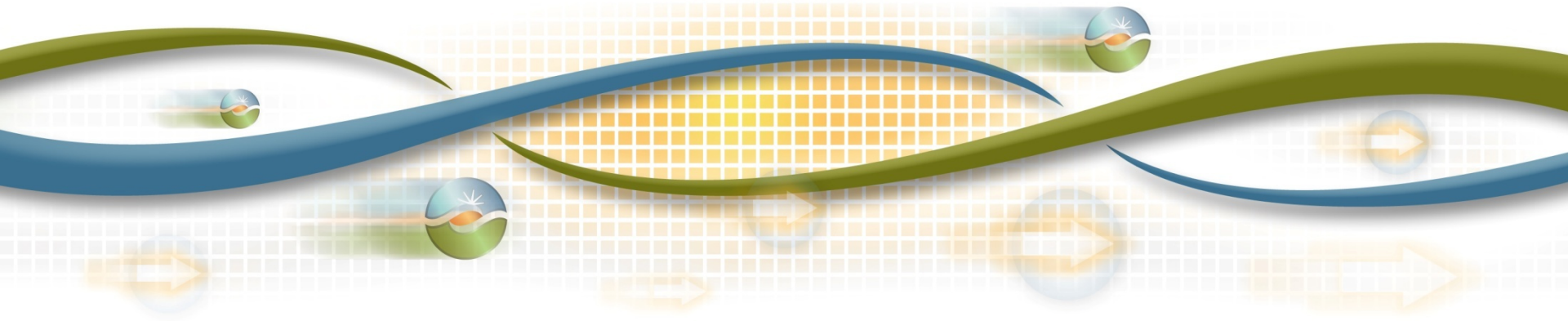




Acceptance of Audit of California ISO Retirement Savings Benefits Plan for 2010 and 2009

Ryan Seghesio, Chief Financial Officer & Treasurer
Margaret Lundberg, PricewaterhouseCoopers LLP

Board of Governors Meeting
General Session
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US Department of Labor requires employee benefit plans to file audited financial statements.

- Defined contribution plan - 401(k) plan
 - Employee and employer matching contributions
 - Employee rollover contributions
 - Service-based annual retirement contribution
- Financial statements and supplemental schedule
 - Governmental Accounting Standards Board
 - Employee Retirement Income Security Act of 1974
- Audit opinion modified in accordance with Department of Labor rules and regulations
 - Audit of the trustee's assets not required if the assets are maintained at an approved trustee

Plan assets increased by \$19.0 million in 2010.

(in millions)

Additions:	
Employee contributions	\$ 7.5
Employer contributions	8.1
Increase in value of investments & income	10.8
Deductions:	
Benefits paid	(7.4)
Net increase in net assets for 2010	19.0
Net assets, beginning of year	103.3
Net assets, year-end 2010	\$122.3

Presented by PwC

The following auditor communications are required as part of the rules of professional responsibility

Communication	Response
Auditor responsibility	To perform audit; management is responsible for the financial statements
Significant accounting policies	No changes in 2010
Management judgments and estimates	Fair value of investments
Deficiencies in internal controls	None identified
Fraud and illegal acts	None identified
Disagreements with management	None
Consultations with other accountants	None
Material uncertainties	None
Significant issues discussed prior to retention	None
Independence	No issues
Audit adjustments recorded	None
Uncorrected misstatements	None

Closing thoughts

- The 2010 audit was performed and completed on time
- High level of commitment and cooperation of ISO staff greatly appreciated
- Questions