



Report of Independent Auditors and
Financial Statements with
Supplementary Information

**California ISO Retirement
Savings Benefits Plan**

December 31, 2014 and 2013

MOSS-ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Participants and
Plan Administrator of the
California ISO Retirement
Savings Benefits Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the California ISO Retirement Savings Benefits Plan (the Plan), which comprise the statements of net position available for benefits as of December 31, 2014 and 2013, and the related statements of changes in net position available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL's) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Charles Schwab Bank, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2014 and 2013, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements. Accordingly, we do not express an opinion on the financial statements.

Other Matter – Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matter – Supplementary Information

The Schedule H, line 4i – Schedule of assets (held at end of year) as of December 31, 2014 is required by the DOL’s Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplementary information.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplementary information, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL’s Rules and Regulations for Reporting and Disclosure under ERISA.

Moss Adams LLP

Campbell, California
July 23, 2015

**CALIFORNIA ISO RETIREMENT
SAVINGS BENEFITS PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion and analysis of the California ISO Retirement Savings Benefits Plan (the Plan) of the California Independent System Operator Corporation (the Company) provides an overview of the Plan's financial activities for the years ended December 31, 2014 and 2013. This discussion and analysis should be read in conjunction with the Plan's financial statements and accompanying notes, which follow this section.

Background

The Plan is a defined contribution plan and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Substantially all employees of the Company are eligible to participate in the Plan. Participants are eligible to participate in the Plan on the first day of the month coinciding with or following their date of hire.

The Company is the Plan's named fiduciary and plan administrator and has designated an advisory committee and retained the services of a third party to assist in the administration of the Plan. The advisory committee is appointed by the Company and has the responsibility of making discretionary determinations under the Plan and providing distribution directions to the trustee. The Company has appointed Charles Schwab Bank (the trustee) as the Plan's trustee and Schwab Retirement Plan Services, Inc. to assist in the administration of the Plan.

Financial Highlights

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Plan's financial statements, which are comprised of the following:

- Statements of Net Position Available for Benefits
- Statements of Changes in Net Position Available for Benefits
- Notes to Financial Statements

The Statements of Net Position Available for Benefits present information on the Plan's assets and liabilities and the resulting net position as of December 31, 2014 and 2013. These statements reflect the Plan's investments at fair value, receivables, and liabilities.

The Statements of Changes in Net Position Available for Benefits present information showing how the Plan's net position held in trust for benefits changed during the years ended December 31, 2014 and 2013. These statements reflect contributions by participants and the Company along with investment income during the period from investing activities. Deductions for benefit payments to participants and administrative expenses are also presented.

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The supplementary information on page 15 details the schedule of assets held at December 31, 2014. It is the same schedule that is submitted with the Plan's Internal Revenue Service/U.S. Department of Labor Form 5500 Schedule H. This information is presented for the purpose of additional analysis and is not a required part of the financial statements.

**CALIFORNIA ISO RETIREMENT
SAVINGS BENEFITS PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Analysis

The Plan's investments as of December 31, 2014 amounted to \$188.2 million, compared to \$175.4 million at December 31, 2013 and \$140 million at December 31, 2012.

Additions to the Plan's net position held in trust for pension benefits include contributions, rollovers, net appreciation in fair value of investments, and any investment income. Participant contributions and rollovers in 2014 amounted to \$7.6 million, compared to \$7.4 million and \$7.5 million in Plan years 2013 and 2012, respectively. Employee contributions increased by \$0.25 million in 2014 compared to 2013, but rollover activity was less in 2014 than in the prior years. Employer contributions in 2014 amounted to \$9.1 million, compared to \$8.6 million in 2013 and \$8.3 million in 2012.

The Plan recognized net investment income of \$9.2 million in 2014, compared to net investment gains of \$27.6 million in 2013 and \$14.1 million in 2012. The investment gains in 2014, 2013, and 2012 were due to the continuous recovery of the financial markets.

Deductions from the Plan's net position held in trust for pension benefits include benefit payments to participants and administrative expenses. In 2014, deductions amounted to \$12.5 million, compared to \$7.5 million in 2013 and \$9.5 million in 2012. The increase in deductions in 2014 compared to 2013 is primarily due to large balances distributed by participants due to retirements, terminations, and other reasons. The decrease in deductions in 2013 compared to 2012 is primarily due to a decrease in withdrawals by participants due to retirements, terminations, and other reasons.

**CALIFORNIA ISO RETIREMENT
SAVINGS BENEFITS PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
CONDENSED STATEMENTS OF NET POSITION AVAILABLE FOR BENEFITS
(IN MILLIONS)**

Condensed Statements of Net Position Available for Benefits (in millions):

	December 31,		
	2014	2013	2012
Assets:			
Investments	\$ 188.2	\$ 175.4	\$ 140.0
Employer's contributions receivable	5.2	4.8	4.6
Participants' notes receivable	2.7	2.5	2.2
	<u>196.1</u>	<u>182.7</u>	<u>146.8</u>
Adjustment from fair value to contract value of fully benefit responsive common/collective trust	<u>(0.2)</u>	<u>(0.2)</u>	<u>(0.4)</u>
Net position held in trust for benefits	<u>\$ 195.9</u>	<u>\$ 182.5</u>	<u>\$ 146.4</u>

Condensed Statements of Changes in Net Position Available for Benefits (in millions):

	December 31,		
	2014	2013	2012
Additions:			
Investment income	\$ 9.2	\$ 27.6	\$ 14.1
Contributions	16.7	16.0	15.8
Total additions	25.9	43.6	29.9
Deductions:			
Benefits paid to participants and administrative expenses	12.5	7.5	9.5
Net increase in net position held in trust for benefits	13.4	36.1	20.4
Net position held in trust for benefits:			
Beginning of year	<u>182.5</u>	<u>146.4</u>	<u>126.0</u>
End of year	<u>\$ 195.9</u>	<u>\$ 182.5</u>	<u>\$ 146.4</u>

FINANCIAL STATEMENTS

**CALIFORNIA ISO RETIREMENT
SAVINGS BENEFITS PLAN
STATEMENTS OF NET POSITION AVAILABLE FOR BENEFITS
December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Assets:		
Investments, at fair value	\$ 188,168,822	\$ 175,410,533
Receivables:		
Employer's contribution receivable	5,192,007	4,774,796
Notes receivable from participants	2,699,341	2,478,428
Total receivables	<u>7,891,348</u>	<u>7,253,224</u>
Total assets	196,060,170	182,663,757
Adjustment from fair value to contract value for fully benefit-responsive investment contract	<u>(198,370)</u>	<u>(148,177)</u>
Net position held in trust for benefits	<u>\$ 195,861,800</u>	<u>\$ 182,515,580</u>

**CALIFORNIA ISO RETIREMENT
SAVINGS BENEFITS PLAN
STATEMENTS OF CHANGES IN NET POSITION AVAILABLE FOR BENEFITS
Years Ended December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Additions to net position attributed to:		
Investment and other income:		
Dividends and interest	\$ 6,679,046	\$ 3,222,234
Net realized and unrealized appreciation in fair value of investments	<u>2,538,208</u>	<u>24,422,312</u>
	<u>9,217,254</u>	<u>27,644,546</u>
Contributions:		
Participants'	7,560,287	7,374,912
Employer's	<u>9,138,987</u>	<u>8,645,134</u>
	<u>16,699,274</u>	<u>16,020,046</u>
Total additions	<u>25,916,528</u>	<u>43,664,592</u>
Deductions from net position attributed to:		
Withdrawals and distributions	12,515,688	7,491,072
Administrative expenses	<u>54,620</u>	<u>36,295</u>
Total deductions	<u>12,570,308</u>	<u>7,527,367</u>
Net increase in net position held in trust for benefits	13,346,220	36,137,225
Net position held in trust for benefits:		
Beginning of year	<u>182,515,580</u>	<u>146,378,355</u>
End of year	<u>\$ 195,861,800</u>	<u>\$ 182,515,580</u>

See accompanying notes.

**CALIFORNIA ISO RETIREMENT
SAVINGS BENEFITS PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – THE PLAN AND ITS SIGNIFICANT ACCOUNTING POLICIES

General – The following description of the California ISO Retirement Savings Benefits Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan’s provisions.

The Plan is a defined contribution plan that was established in 1997 by the California Independent System Operator Corporation (the Company) to provide benefits to eligible employees, as defined in the Plan document. The Plan is currently designed to be qualified under the applicable requirements of the Internal Revenue Code (the Code) and the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

At December 31, 2014 and 2013, there were approximately 700 Plan members.

Administration – The Company has appointed the Employee Pension Benefits Committee (the Committee) to manage the operation and administration of the Plan. The Company has contracted with Charles Schwab Bank (Charles Schwab) to act as the trustee, and an affiliate of Charles Schwab to process and maintain the records of participant data. Substantially all expenses incurred for administering the Plan are paid by the Company.

Financial reporting entity and basis of accounting – The Plan is governed by the same board as the Company. The Company’s five-member board is currently appointed by the California governor and subject to confirmation by the California state senate. The Plan uses the economic resources measurement focus and the accrual basis of accounting in accordance with standards of the Governmental Accounting Standards Board (GASB).

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Forfeited accounts – Forfeited nonvested accounts at December 31, 2014 and 2013 totaled \$72,269 and \$162,456, respectively, and may be used to reduce future employer contributions. Forfeitures totaling \$70,311 and \$162,302 were used to reduce the Company’s contributions subsequent to the Plan’s 2014 and 2013 year ends, respectively.

Investment valuation and income recognition – The Plan’s investments are stated at fair value. Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan’s gains and losses on investments bought or sold as well as held during the year.

The Plan has a fully benefit-responsive common/collective trust as an investment. Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attributable for that portion of the net position available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan.

**CALIFORNIA ISO RETIREMENT
SAVINGS BENEFITS PLAN
NOTES TO FINANCIAL STATEMENTS**

The statements of net position available for benefits present the adjustment of the fully benefit-responsive investment contract from fair value to contract value. The statements of changes in net position available for benefits are prepared on a contract value basis.

Notes receivable from participants – Notes receivable from participants (notes receivable) are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent notes receivable are reclassified as distributions upon the occurrence of a distributable event based upon the terms of the Plan document.

Payment of benefits – Benefits are recorded when paid.

Income taxes – The Plan has received a favorable determination letter from the Internal Revenue Service dated March 4, 2011. The Plan administrator believes that the Plan is operated in accordance with, and qualifies under, the applicable requirements of the Code and related state statutes, and that the trust, which forms a part of the Plan, is exempt from federal income and state franchise taxes.

Risks and uncertainties – The Plan provides for various investment options in any combination of investment securities offered by the Plan. Investment securities are exposed to various risks, such as interest rate, market fluctuations, and credit risks. Due to the risk associated with certain investment securities, it is at least reasonably possible that changes in market values, interest rates, or other factors in the near term would materially affect participants' account balances and the amounts reported in the statement of net position available for benefits.

Recent accounting pronouncements – In June 2012, the GASB issued GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment to GASB Statement No. 25*, effective for periods beginning after June 15, 2013. The Company has adopted this pronouncement and updated the Plan description in Note 1 accordingly.

NOTE 2 – RELATED PARTY TRANSACTIONS

Certain Plan investments are managed by the trustee of the Plan. Any purchases and sales of these funds are performed in the open market at fair value. Such transactions, while considered party-in-interest transactions under ERISA regulations, are permitted under the provisions of the Plan and are specifically exempt from the prohibition of party-in-interest transactions under ERISA.

NOTE 3 – PARTICIPATION AND BENEFITS

Participant contributions – Participants may elect to have the Company contribute their eligible pre-tax or Roth compensation to the Plan up to the amount allowable under the Plan document and current income tax regulations. Participants who have the Company contribute a portion of their compensation to the Plan agree to accept an equivalent reduction in taxable or taxed compensation. Contributions withheld are invested in accordance with the participant's direction.

Participants are also allowed to make rollover contributions of amounts received from other tax-qualified employer-sponsored retirement plans. Such contributions are deposited in the appropriate investment funds in accordance with the participant's direction and the Plan's provisions.

**CALIFORNIA ISO RETIREMENT
SAVINGS BENEFITS PLAN
NOTES TO FINANCIAL STATEMENTS**

Employer contributions – The Company is allowed to make contributions to the Plan in the form of matching contributions as defined in the Plan and as approved by the Board of Directors. In 2014 and 2013, the Company matched 100% of each eligible participant’s contribution up to a maximum of 6% of the participant’s compensation.

In addition, the Company is allowed to make Annual Retirement Contributions based on years of credited service with the Company, as defined in the Plan and as approved by the Board of Directors. Annual Retirement Contributions of \$5,110,585 and \$4,801,787 have been made for the years ended December 31, 2014 and 2013, respectively.

Vesting – Participants are immediately vested in their contributions. Participants are fully vested in the employer’s matching and Annual Retirement Contributions allocated to their account after four years of credited service.

Participant accounts – Each participant’s account is credited with the participant’s contribution, Plan earnings or losses, and an allocation of the Company’s contributions, if any. Allocation of the Company’s contributions is based on participant contributions and years of credited service, as defined in the Plan.

Payment of benefits – Upon termination, the participants or beneficiaries may elect to leave their account balance in the Plan, or receive their total benefits in a lump sum amount equal to the value of the participant’s vested interest in their account. The Plan allows for the automatic lump sum distribution of participant vested account balances that do not exceed \$1,000.

Notes receivable from participants – The Plan allows participants to borrow not less than \$1,000 and up to the lesser of \$50,000 or 50% of their vested account balance. The notes receivable are secured by the participant’s vested balance. Such notes receivable bear interest at the available market financing rates and must be repaid to the Plan within a five-year period, unless the proceeds are used for the purchase of a principal residence in which case the maximum repayment period may be longer. The specific terms and conditions of such notes receivable are established by the Committee. Outstanding notes receivable at December 31, 2014 carry an interest rate of 4.25%.

NOTE 4 – CERTIFIED INFORMATION

All investment information disclosed in the accompanying financial statements and supplementary information, including investments held at December 31, 2014 and 2013, and net appreciation, interest, and dividends for the years ended December 31, 2014 and 2013, was obtained or derived from information supplied to the Plan administrator and certified as complete and accurate by Charles Schwab in accordance with 29 CFR 2520.103-8 of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA.

**CALIFORNIA ISO RETIREMENT
SAVINGS BENEFITS PLAN
NOTES TO FINANCIAL STATEMENTS**

The Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Mutual funds	\$ 1,325,787	\$ 22,032,525
Self-directed brokerage accounts	<u>1,212,421</u>	<u>2,389,787</u>
	<u>\$ 2,538,208</u>	<u>\$ 24,422,312</u>

NOTE 5 - INVESTMENTS

Investments at fair value are as follows as of December 31:

	<u>2014</u>	<u>2013</u>
Mutual funds	\$ 130,425,646	\$ 126,188,357
Money market funds	17,631,381	16,045,146
Common/collective trust	11,292,798	11,820,840
Self-directed brokerage accounts	<u>28,818,997</u>	<u>21,356,190</u>
	<u>\$ 188,168,822</u>	<u>\$ 175,410,533</u>

The mutual funds, money market funds, and the common/collective trust (collectively, the funds) offered by the Plan are initially selected based on criteria including risk and relative performance versus similar funds within an investment category, the level of expense ratios, and consistency/tenure of the funds' management. After a fund has been selected, the advisory committee reviews the fund for the continued conformance with these criteria. If a fund does not conform to these retention criteria, it is flagged for continued attention and placed on a "watch" list, or removed as a continuing investment option for Plan participants. The Committee reviews quarterly and annual performance of funds versus benchmarks. The Committee also reviews funds for potential departures from the investment styles that were in place at the time of fund selection.

The Plan also permits participants to establish self-directed brokerage accounts, which provide participants with the ability to purchase most legally permissible investments for a retirement account. Neither the Company nor the advisory committee will monitor investments made within the brokerage account (other than such review as may be necessary to ensure that the investment is permitted by ERISA).

Custodial credit risk – Custodial credit risk for investments is the risk that an issuer or other counterparty will not fulfill its obligations to the Plan and custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Plan's policies do not specifically address custodial credit risk, but all the Plan's investments are insured or registered, or held by the Plan or its agent in the Plan's name.

The Plan does not have an investment policy that would limit its investment choices to address credit risk.

**CALIFORNIA ISO RETIREMENT
SAVINGS BENEFITS PLAN
NOTES TO FINANCIAL STATEMENTS**

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. The Plan has direct investments in debt instruments, such as certificates of deposit and corporate bonds, and indirect investments, such as fixed income mutual funds other than money market funds, exchange-traded funds, and common/collective trusts that are subject to interest rate risk. The Plan attempts to mitigate interest rate risk through portfolio diversification. The Plan’s investments include the following fixed income investments at December 31, 2014:

Investment	Fair Value	Investment Maturities (in years)			
		< 1	1 - 5	5 - 10	> 10
Fixed Income Mutual Funds					
PIMCO Total Return Fund	\$ 16,990,061	\$ 2,718,410	\$ 2,718,410	\$ 6,456,223	\$ 5,097,018
Schwab Value Advantage Institutional Fund Prime Shares	17,631,381	17,631,381	-	-	-
Fixed Income Common/Collective Trust					
INVESCO Stable Value Fund	11,292,798	1,919,776	7,114,463	1,806,848	451,711
	<u>\$ 45,914,240</u>	<u>\$ 22,269,567</u>	<u>\$ 9,832,873</u>	<u>\$ 8,263,071</u>	<u>\$ 5,548,729</u>

Credit risk – Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its payments on a security under the original term. As of December 31, 2014, the Plan had the following credit quality mix in its fixed income securities.

Investment	Fair Value	Ratings							CCC & Below	Not Rated
		AAA	AA	A	BBB	BB	B			
Fixed Income Mutual Funds										
PIMCO Total Return Fund	\$ 16,990,061	\$ 8,155,230	\$ 3,058,211	\$ 1,529,105	\$ 2,888,310	\$ 679,602	\$ 169,901	\$ 509,702	\$ -	
Schwab Value Advantage Institutional Fund Prime Shares	17,631,381	-	-	17,631,381	-	-	-	-	-	
Fixed Income Common/ Collective Trust										
INVESCO Stable Value Fund	11,292,798	9,260,094	338,783.94	1,129,279.80	564,639.90	-	-	-	-	
	<u>\$ 45,914,240</u>	<u>\$ 17,415,324</u>	<u>\$ 3,396,995</u>	<u>\$ 20,289,766</u>	<u>\$ 3,452,950</u>	<u>\$ 679,602</u>	<u>\$ 169,901</u>	<u>\$ 509,702</u>	<u>\$ -</u>	

**CALIFORNIA ISO RETIREMENT
SAVINGS BENEFITS PLAN
NOTES TO FINANCIAL STATEMENTS**

Foreign currency risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit denominated in a foreign currency. The Plan invests in exchange-traded funds that are specifically identified as having an investment focus outside the United States, international equity mutual funds, and American Depository Receipts (ADRs). The Plan attempts to mitigate foreign currency risk through portfolio diversification. The Plan’s investments include the following foreign investments at December 31:

	<u>2014</u>	<u>2013</u>
Mutual funds	\$ 25,547,176	\$ 26,074,459
ADRs	619,252	630,635
Exchange-traded funds	<u>2,931</u>	<u>2,797</u>
	<u>\$ 26,169,359</u>	<u>\$ 26,707,891</u>

Concentration of credit risk – The following presents the fair values of investment funds that represent 5% or more of the Plan’s net position at December 31:

	<u>2014</u>	<u>2013</u>
DFA U.S. Small Cap Fund	*	\$ 10,935,993
Europacific Growth Stock Fund Class R6	\$ 10,179,839	10,550,670
PIMCO Total Return Fund	16,990,061	15,942,877
T. Rowe Price Growth Stock Fund	14,164,109	13,126,351
Vanguard Institutional Index Fund	31,117,446	28,103,084
Vanguard Windsor II Admiral Fund	11,763,265	11,214,237
Schwab Value Advantage Institutional Fund Prime Shares	17,631,381	16,045,146
INVESCO Stable Value Fund	11,292,798	11,820,840

* Less than 5% of net assets at year end

**CALIFORNIA ISO RETIREMENT
SAVINGS BENEFITS PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net position held in trust for benefits per the financial statements to the Form 5500 at December 31:

	<u>2014</u>	<u>2013</u>
Net position held in trust for benefits per the financial statements	\$ 195,861,800	\$ 182,515,580
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	<u>198,370</u>	<u>148,177</u>
Net position held in trust for benefits per the Form 5500	<u>\$ 196,060,170</u>	<u>\$ 182,663,757</u>

The following is a reconciliation of the affected component of the changes in net position held in trust for benefits per the financial statements to the Form 5500 for the year ended December 31, 2014:

	<u>Amount per the financial statements</u>	<u>Adjustment</u>	<u>Amount per the Form 5500</u>
Net investment income	\$ 9,217,254	\$ 50,193	\$ 9,267,447

NOTE 7 – PLAN TERMINATION OR MODIFICATION

The Company intends to continue the Plan indefinitely for the benefit of its participants; however, it reserves the right to terminate or modify the Plan at any time by resolution of its Board of Directors and subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their employer contributions.

SUPPLEMENTARY INFORMATION
REQUIRED BY THE DEPARTMENT OF LABOR

**CALIFORNIA ISO RETIREMENT
SAVINGS BENEFITS PLAN
SCHEDULE H, LINE 4(i) – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2014**

Plan sponsor: California Independent System Operator Corporation
Employer identification number: 94-3274043
Plan number: 001
Schedule H, Line 4(i)

(a)	(b)	(c)	(d)
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Current value
	American Beacon International Equity Fund - Institutional Class	Mutual Fund	\$ 5,974,837
	Aston/Fairpointe Mid Cap Fund Class I	Mutual Fund	5,231,863
	Brown Capital Management Small Company Fund - Investor Class	Mutual Fund	4,636,332
	Cohen & Steers Institutional Global Realty Fund	Mutual Fund	2,259,526
	DFA U.S. Small Cap Fund	Mutual Fund	8,921,108
	Europacific Growth Stock Fund Class R6	Mutual Fund	10,179,839
	Goldman Sachs Growth Opportunity Fund Class I	Mutual Fund	1,159,211
	Hotchkis & Wiley Mid-Cap Value Fund Class I	Mutual Fund	3,158,637
	Manning & Napier World Opportunity Fund Class A	Mutual Fund	959,072
	Metropolitan West Total Return Bond I	Mutual Fund	123,097
	PIMCO All Asset Fund - Institutional Class	Mutual Fund	3,087,725
	PIMCO Total Return Fund	Mutual Fund	16,990,061
	T. Rowe Price Growth Stock Fund	Mutual Fund	14,164,109
	Vanguard Institutional Index Fund	Mutual Fund	31,117,446
	Vanguard Total Institutional Stock Index Fund Signal Shares	Mutual Fund	5,339,024
	Vanguard Windsor II Admiral Fund	Mutual Fund	11,763,265
	Victory Integrity Small Cap Value Fund Class Y	Mutual Fund	5,360,494
*	Personal Choice Retirement Fund	Self-Directed BrokerageLink Account	28,818,997
*	Schwab Value Advantage Institutional Fund Prime Shares	Money Market Fund	17,631,381
	INVESCO Stable Value Fund	Common/Collective Trust	11,292,798
*	Participant loans	Interest rate at 4.25%	2,699,341
		Total	<u>\$ 190,868,163</u>

* Party-in-interest