



Report of Independent Auditors and Financial
Statements with Required Supplementary Information
and Additional Information

California ISO Retirees Medical Plan

December 31, 2015, 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
California ISO Retirees Medical Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the California ISO Retirees Medical Plan (the Plan), which comprise the statements of net position available for benefits as of December 31, 2015, 2014, and 2013, and the related statements of changes in net position available for benefits for the years ended December 31, 2015, 2014 and 2013, 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 matter 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 5, which was certified by Wells Fargo Bank, N.A., 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 certifications from the trustee as of and for the years ended December 31, 2015, 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. Accordingly, we do not express an opinion on these 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 on pages 3 through 4, schedule of funding progress on page 13, and schedule of employer contributions on page 14 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 audits 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 – Additional Information

The Form 5500 – SF, line 7(c) – Schedule of assets (held at December 31, 2015, 2014, and 2013) and Form 5500 – SF – Schedule of reportable transactions for the years ended December 31, 2015 and 2013, are presented for the purpose of additional analysis and are 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 additional 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 additional 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
December 8, 2016

CALIFORNIA ISO RETIREES MEDICAL PLAN MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the California ISO Retirees Medical Plan (the Plan) provides an overview of the Plan's financial position for the years ended December 31, 2015, 2014, 2013, and 2012, and for the financial activities for the years ended December 31, 2015, 2014, 2013, and 2012. This discussion and analysis should be read in conjunction with the Plan's financial statements and accompanying notes, which follow this section.

Background

The California Independent System Operator Corporation (the Company) established the Plan, a single employer defined benefit plan, to provide post-employment health care benefits to all employees who retire from the Company on or after attaining age 60 with at least five years (10 years if hired on or after January 1, 2013) of service and to their spouses, domestic partners, and eligible dependents. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

In December 2008, the Welfare Benefit Trust (the Trust) was created by the Company to partially fund the liabilities of the Plan and was established as a tax-exempt voluntary employees' beneficiary association under Internal Revenue Code 501(c)(9). The Company's current funding policy is to annually contribute an amount such that the total amount in the Trust approximates the actuarially determined liability attributable to retirees and their spouses and to active participants who are fully eligible to retire. However, in the event that the amounts in the Trust exceed the actuarially determined liability, the excess funds may be used to fund liabilities of other welfare benefit plans sponsored by the Company.

The Company is the Plan's named fiduciary and plan administrator and has designated the Employee Pension Benefits Committee (the Committee) to manage the operation and administration of the Plan. The committee has the responsibility of making discretionary determinations under the Plan and providing distribution directions to the trustee. The Company has appointed Wells Fargo Bank, N.A. (Wells Fargo or Trustee) as the Plan's Trustee.

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, 2015, 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, 2015, 2014, and 2013. These statements reflect contributions by participants and the Company along with investment income during the period from investing activities. Deductions for premiums paid for 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 required supplementary information on pages 13 and 14 details the Schedule of Funding Progress and the Schedule of Employer Contributions. The additional information on pages 15 - 17 details the Schedule of Assets Held at December 31, 2015, 2014, and 2013, respectively. The schedules support the amounts that are reported with the Plan's Internal Revenue Service (IRS)/U.S. Department of Labor Form 5500 - SF Part III. The supplementary information beginning on page 18 details the Schedule of Reportable Transactions for the years ended December 31, 2015 and 2013. This information is presented for the purposes of additional analysis and is not a required part of the financial statements.

Financial Analysis

The Plan's net position as of December 31, 2015 amounted to \$9.0 million, compared to \$9.1 million at December 31, 2014, \$8.8 million at December 31, 2013, and \$6.6 million at December 31, 2012.

FINANCIAL STATEMENTS

CALIFORNIA ISO RETIREES MEDICAL PLAN
STATEMENTS OF NET POSITION AVAILABLE FOR BENEFITS
December 31, 2015, 2014, and 2013

	<u>2015</u>	<u>December 31, 2014</u>	<u>2013</u>
Assets			
Investments, at fair value:			
Mutual funds	\$ 8,986,930	\$ 9,004,599	\$ 8,754,800
Money market fund	5,206	70,202	18,935
Total investments	8,992,136	9,074,801	8,773,735
Receivables (payables):			
Accrued income	-	1	23
Pending trades	(1,042)	(920)	(683)
Net position held in trust for benefits	<u>\$ 8,991,094</u>	<u>\$ 9,073,882</u>	<u>\$ 8,773,075</u>

CALIFORNIA ISO RETIREES MEDICAL PLAN
STATEMENTS OF CHANGES IN NET POSITION AVAILABLE FOR BENEFITS
Years Ended December 31, 2015, 2014, and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Additions to net position attributed to:			
Investment and other income (loss):			
Net appreciation (depreciation)			
in fair value of investments	\$ (269,336)	\$ 72,483	\$ 212,042
Dividends and interest	186,558	228,334	157,578
	<u>(82,778)</u>	<u>300,817</u>	<u>369,620</u>
Contributions:			
Retiree's	83,980	159,299	172,815
Employer's	243,284	243,538	2,100,778
	<u>327,264</u>	<u>402,837</u>	<u>2,273,593</u>
Total additions	<u>244,486</u>	<u>703,654</u>	<u>2,643,213</u>
Deductions from net position attributed to:			
Premiums paid for participants	327,264	402,837	434,246
Administrative expenses	10	10	10
	<u>327,274</u>	<u>402,847</u>	<u>434,256</u>
Total deductions	<u>327,274</u>	<u>402,847</u>	<u>434,256</u>
Net increase (decrease) in net position held in trust for benefits	(82,788)	300,807	2,208,957
Net position held in trust for benefits			
Beginning of year	<u>9,073,882</u>	<u>8,773,075</u>	<u>6,564,118</u>
End of year	<u>\$ 8,991,094</u>	<u>\$ 9,073,882</u>	<u>\$ 8,773,075</u>

See accompanying notes.

CALIFORNIA ISO RETIREES MEDICAL PLAN NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of the California ISO Retirees Medical Plan (the Plan) provides only general information. Participants should refer to the Plan Agreement for a more complete description of the Plan's provisions.

General – The California Independent System Operator (the Company) established the Plan, a single employer defined benefit plan, to provide post-employment health and welfare benefits to all eligible employees who retire from the Company on or after attaining age 60 with at least five years of service (except for those hired after January 1, 2013) and to their spouses, domestic partners, and eligible dependents. Benefits include coverage for medical, dental, and vision. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

In December 2008, the Welfare Benefit Trust (the Trust) was created by the Company to partially fund the liabilities of the Plan and was established as a tax-exempt voluntary employees' beneficiary association under Internal Revenue Code 501(c)(9). In the event that the amounts in the Trust exceed the actuarially determined liability, the excess funds may be used to fund liabilities of other welfare benefit plans sponsored by the Company.

Substantially all employees of the Company are eligible to participate in the Plan when they retire. Retirees are eligible to participate in the Plan on the first day of the month coinciding with or following date of retirement.

The Company is the Plan's named fiduciary and plan administrator and has designated the Employee Pension Benefits Committee (the Committee) to manage the operation and administration of the Plan. The committee has the responsibility of making discretionary determinations under the Plan and providing distribution directions to the trustee. The Company has appointed Wells Fargo Bank, N.A. (Wells Fargo or Trustee) as the Plan's Trustee.

Effective January 1, 2015, the Company amended the Plan for its post-65 retirees and their post-65 dependents. The post-65 retirees and their post-65 dependents transitioned from the active group coverage to individual Medicare Supplemental plan programs. The Plan provides a fixed amount of \$200 per month per post-65 retiree or \$2,400 per year. Based on the discretion of the Company, the amount will be increased to \$400 per month or \$4,800 per year for a post retiree with an eligible post-65 dependent.

Effective January 1, 2013, eligible retirees hired on or after January 1, 2013 must have ten years of continuous service or were involuntarily terminated from employment with the Company for non-performance reasons in connection with a group of employees on or after age 59 with at least ten year of continuous service with the Company. Also, for every additional year of continuous service in excess of ten years, the retiree's contribution percentage will be reduced by one per cent per year up to a maximum of 10%.

In addition, effective January 1, 2013, the Base Employee Cost-Share of the Blue Shield High Deductible Health Plan changed from 30% to 40% and the limit for the amount the Company will pay for coverage is \$8,000 for individual retiree coverage and \$16,000 for retiree plus spouse and/or dependent coverage. Participants also have the option of enrolling in Delta Dental and Blue Shield Vision Plus Plans.

Contributions – The Company's current funding policy is to contribute annually an amount such that the total amount in the Trust approximates the actuarially determined liability attributable to retirees and their spouses and to active participants who are fully eligible to retire. In addition, the Company also pays the Company's portion of the insurance premiums on behalf of the retirees directly from its own funds. Retirees are billed their portion of the medical, dental, and/or vision premiums paid on their behalf by the Company on a monthly basis.

CALIFORNIA ISO RETIREES MEDICAL PLAN
NOTES TO FINANCIAL STATEMENTS

The amount that the retirees are responsible for depends on the medical plan and the number of dependents claimed. The retiree contribution schedules are as follows:

For the year ended December 31, 2015:

	Cost Sharing of Medical Premium	
	Retiree	Dependent
<u>Ages 60 - 64</u>		
Blue Shield HMO	40%	40%
Blue Shield PPO	40%	40%
Blue Shield HDHP	40%	40%
Kaiser HMO - North and South	40%	40%
<u>Ages 65+</u>		
Blue Shield HMO*	n/a	n/a
Blue Shield PPO*	n/a	n/a
Blue Shield HDHP*	n/a	n/a
Kaiser HMO - North and South*	n/a	n/a

For the years ended December 31, 2014 and 2013:

	Cost Sharing of Medical Premium	
	Retiree	Dependent
<u>Ages 60 - 64</u>		
Blue Shield HMO	40%	40%
Blue Shield PPO	40%	40%
Blue Shield HDHP	40%	40%
Kaiser HMO - North and South	40%	40%
<u>Ages 65+</u>		
Blue Shield HMO	40%	40%
Blue Shield PPO	40%	40%
Blue Shield HDHP	40%	40%
Kaiser HMO - North and South	40%	40%

* Effective January 1, 2015, retirees, age 65 or older, are enrolled in supplemental Medicare and receive a funding contribution from the Company into their HRA account. They no longer were subject to paying a portion of their premium to the Company as they are enrolled directly through Medicare. The Company reimburses the retiree a flat amount of \$200 per month or \$2,400 annually. Enrolled spouses are also reimbursed an additional flat amount of \$200 per month or \$4,800 annually.

The medical plans that the retirees are enrolled in are fully insured.

Entitlement to retiree benefits – Retirees are entitled to participate in the Plan upon retirement from the Company on or after attaining age 60 with at least ten years of service.

Payment of benefits – The Company pays the Company’s portion of the monthly insurance premiums for the Plan coverage chosen by the participants. The Company collects from retirees their portion of the medical premiums and pays the medical insurance premiums in total.

Administrative expenses – Administrative expenses of the Plan are paid by the Company. Investment transactions charges from the trustee are paid by the Plan.

CALIFORNIA ISO RETIREES MEDICAL PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial reporting entity and basis of accounting – The Plan is governed by the same board as the Company except to the extent delegated to various committees or the officers of the Company. The Company’s five-member board is currently appointed by the California governor and approved by the California State senate.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applied to governmental units, using the accrual method of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

Investment valuation and income recognition – The Plan’s investments are reported at fair value. The Plan’s trustee, Wells Fargo Bank, N.A. certifies the fair market value of all investments. If available, quoted market prices are used to value investments.

Fair value is the price that would be received to sell 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 (depreciation) includes the Plan’s gains and losses on investments bought or sold as well as held during the year.

Risks and uncertainties – The actuarial present value of benefit obligations is reported based on certain assumptions pertaining to interest rates, health care inflation rates and employee demographics, and claims payment history, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Contributions – Contributions are recognized as revenues in the period in which the Company funds the Trust as well as when the Company pays the premiums due for the retirees. Additionally, retiree contributions are recognized in the period that retirees are billed for their portion of the premiums paid on their behalf.

Benefits – Premiums paid on behalf of retirees are recorded as deductions from net position available for benefits when approved and paid by the Plan.

Recent accounting pronouncements –Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. This statement established a hierarchy of inputs to valuation techniques used to measure fair value. This statement also requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. This statement is effective for fiscal year ending December 31, 2016. Management is evaluating the effect that the implementation of this Statement will have on the financial statements of the Plan.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, replaces Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and addresses the financial reports of defined benefit postemployment benefits (OPEB) plans that are administered through trusts that meet specified criteria. This Statement requires more extensive disclosures and required supplementary information relate to the measurement of OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rate of return on plan investments. This statement is effective for fiscal year ending December 31, 2017. Management is evaluating the effect that the implementation of this Statement will have on the financial statements of the Plan.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, replaces Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, and requires governments to report a liability on the financial statements for the OPEB they provide. This Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. This Statement is effective for the fiscal year ending December 31, 2018. Management is evaluating the effect that the implementation of this statement will have on the financial statements of the employer.

CALIFORNIA ISO RETIREES MEDICAL PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Mutual funds	\$ 8,986,930	\$ 9,004,599	\$ 8,754,800
Money market funds	5,206	70,202	18,935
	<u>\$ 8,992,136</u>	<u>\$ 9,074,801</u>	<u>\$ 8,773,735</u>

NOTE 4 – INVESTMENTS

Investment securities are exposed to various risks that can affect the value of the Plan's investments such as custodial credit risk, interest rate risk, concentration risk, and foreign currency risk. The Plan invests in mutual funds which may respond to such factors as economic conditions, individual company earnings performance, and market liquidity.

The primary objectives of the Plan's investment opportunities are (a) seeking to ensure safety of the principal and the preservation of capital, (b) remaining sufficiently liquid to meet all operating requirements which might be reasonably anticipated, and (c) structuring the portfolio to seek maximum long-term total returns, consistent with the Plan's investment risk constraints and cash flow characteristics of the portfolio. The Committee is responsible for broad fiduciary oversight.

Custodial credit risk – Custodial credit risk is the risk that in the event of a failure by the counterparty, 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 risk, but all of the Plan's investments are registered or held by the Plan's agent in the Plan's name.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely impact the fair value of an investment or a deposit. The Plan does not hold any direct investments or instruments that are subject to interest rate risk.

Foreign currency risk – Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment denominated in a foreign currency. The Plan's foreign currency risk exposure resides within the international mutual fund holdings. The Plan does not hold any direct investments or instruments denominated in a foreign currency.

Credit risk – Credit 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. The Plan does not hold any direct investments or instruments that are subject to credit risk.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. In 2015, 2014, and 2013, investments that represent 5% or more of the Plan's net assets held in trust for post-retirement benefits at December 31 are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
American Beacon International Equity Fund Class I	\$ 802,923	\$ 747,478	\$ 803,761
American Funds Europacific Growth Fund Class R6	802,862	782,114	800,466
Metropolitan West Total Return Bond Fund Class I	1,184,201	*	*
PIMCO All Asset FD Institutional Class I	885,058	850,624	846,475
PIMCO Total Return Fund Institutional Shares	1,082,154	2,245,707	2,147,705
T. Rowe Price Growth Stock Fund Inc	543,604	579,636	532,622
Vanguard /Windsor II Fund Admiral Class	535,379	593,265	533,233
Vanguard Institutional Index Fund	632,884	706,938	622,014
Vanguard Short-term Bond Index Signal Fund	911,295	868,350	857,579
Vanguard Total International Stock Index Fund Signal Sha	896,557	854,055	891,479

* not an investment option at year end.

CALIFORNIA ISO RETIREES MEDICAL PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – CERTIFIED INFORMATION

The Plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the following investment information was certified by the Trustee and was not subjected to any auditing procedures performed by the independent accountants:

Investments reflected on the accompanying statements of net position available for benefits as of December 31, 2015, 2014, and 2013.

- Net appreciation/depreciation in fair value of investments, dividends, and interest reflected on the accompanying statements of changes in net position available for benefits for the years ended December 31, 2015, 2014, and 2013. All information in the Additional Information: Schedules of Assets (Held at End of Year) and Schedules of Reportable Transactions.
- Investment information in Note 4.

The trustee has certified that the information provided is complete and accurate.

NOTE 6 – TAX STATUS

The Plan has been amended since receiving its latest favorable determination letter dated December 10, 2010. The Company believes that the Plan is operated in accordance with, and qualifies under, the applicable requirements of the Internal Revenue Code (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.

NOTE 7 – ACTUARIAL ACCRUED LIABILITY

Annual Other Post-Employment Benefits (OPEB) Cost and Net OPEB Obligation

The annual OPEB cost for the California ISO Retirees Medical Plan is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Codification Section P50 Financial Reporting for Postemployment Benefits Other than Pension Plans. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 15 years (using the level dollar open method). The ARC is adjusted for the amortized amount of the discounted present value (ordinary annuity) of the balance of the net OPEB obligation at the beginning of the year.

The Plan’s annual OPEB cost at December 31, 2015, 2014 and 2013, and for the years then ended, is as follows (in thousands):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual required contribution	\$ 197	\$ 962	\$ 3,034
Interest on net OPEB obligation	1,246	1,615	702
Adjustment to annual required contribution	<u>(2,086)</u>	<u>(2,344)</u>	<u>(1,741)</u>
Annual OPEB cost	(643)	233	1,995
Contributions made	<u>(243)</u>	<u>(244)</u>	<u>(2,101)</u>
Decrease in net OPEB obligation	(886)	(11)	(106)
Net OPEB obligation			
Beginning of year	<u>19,929</u>	<u>19,940</u>	<u>20,046</u>
End of year	<u>\$ 19,043</u>	<u>\$ 19,929</u>	<u>\$ 19,940</u>

CALIFORNIA ISO RETIREES MEDICAL PLAN

NOTES TO FINANCIAL STATEMENTS

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and Plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following significant actuarial methods and assumptions were used in the calculation of the expense and annual OPEB cost for the years ended January 1, 2015, 2014, and 2013.

Valuation date	January 1, 2015	January 1, 2014	January 1, 2013
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level dollar, open	Level dollar, open	Level dollar, open
Remaining amortization period	15 years	15 years	15 years
Asset valuation method	Market	Market	Market
Investment rate of return	6.25%	8.10%	3.50%
Healthcare cost trend rate	7.0% initial, 5% ultimate	7.5% initial, 5% ultimate	8.0% initial, 5% ultimate
Morbidity rate	1%	1%	1%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The actuarial valuation as of January 1, 2016, incorporated changes to actuarial assumptions which are different from the assumptions used in the calculation of the annual pension costs for the year ending December 31, 2015. The Accumulated Postretirement Benefit Obligation (APBO) increased by approximately \$720 thousand between 2015 and 2016. Changes in actuarial assumptions of approximately \$242 thousand include a decrease in the investment rate of return from 6.25% to 5.9%, the change in the cost-sharing of the plan coverage costs, including the employer cost cap, and the Mortality Tables changing from RP-2014 to MP-2014. The normal cost of the Plan was approximately \$415 thousand.

The actuarial valuation as of January 1, 2015, incorporated changes to actuarial assumptions which are different from the assumptions used in the calculation of the annual pension costs for the year ending December 31, 2014. The APBO decreased by approximately \$3.9 million between 2014 and 2015. Changes in actuarial assumptions of approximately \$4.3 million included a decrease in the investment rate of return from 8.1% to 6.25%, and updating the mortality table to reflect the RP-2014 table generationally projected using the MP-2014. The normal cost of the Plan was approximately \$686 thousand.

The actuarial valuation as of January 1, 2014, incorporated changes to actuarial assumptions which are different from the assumptions used in the calculation of the annual pension costs for the year ending December 31, 2013. The APBO decreased by approximately \$9.4 million between 2013 and 2014. Changes in actuarial assumptions included an increase in the investment rate of return from 3.5% to 8.1%, the Mortality Tables changing from RP-2000 projected to 2013 to PPA-2014, the change in the cost-sharing of the plan coverage costs, including the employer cost cap, a change in the estimated plan migration patterns to various coverage options and a change in the estimated retirement rates. The normal cost of the Plan was approximately \$1.8 million.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Plan's investment in a money market fund is managed by Wells Fargo. Because Wells Fargo is the Trustee, any transactions in this fund qualify as party-in-interest transactions.

NOTE 9 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of the Code.

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA ISO RETIREES MEDICAL PLAN
SCHEDULE OF FUNDING PROGRESS
December 31, 2015

<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Accumulated postretirement benefit obligation (APBO) (b)</u>	<u>Unfunded APBO (b-a)</u>	<u>Funded ratio (a/b)</u>	<u>Covered payroll (c)</u>	<u>APBO as a percentage of covered payroll [(b) - (a)] / (c)</u>
January 1, 2007	\$ -	\$ 9,463	\$ 9,463	0.0%	N/A*	N/A*
January 1, 2008	-	12,245	12,245	0.0%	N/A*	N/A*
January 1, 2009	1,813	17,171	15,358	10.6%	N/A*	N/A*
January 1, 2010	4,137	18,009	13,872	23.0%	N/A*	N/A*
January 1, 2011	4,608	18,022	13,414	25.6%	N/A*	N/A*
January 1, 2012	5,344	22,727	17,383	23.5%	N/A*	N/A*
January 1, 2013	6,564	20,046	13,482	32.7%	N/A*	N/A*
January 1, 2014	8,773	10,650	1,877	82.4%	N/A*	N/A*
January 1, 2015	9,074	6,738	(2,336)	134.7%	N/A*	N/A*
January 1, 2016	8,991	7,459	(1,532)	120.5%	N/A*	N/A*

* Benefits not related to pay

CALIFORNIA ISO RETIREES MEDICAL PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
December 31, 2015

Fiscal year ended	Annual required contribution (ARC)	Employer contribution	Percentage contributed
December 31, 2007	\$ 2,490	\$ 42	1.7%
December 31, 2008	3,099	1,866	60.2%
December 31, 2009	4,273	2,077	48.6%
December 31, 2010	3,987	416	10.4%
December 31, 2011	3,720	670	18.0%
December 31, 2012	4,310	1,332	30.9%
December 31, 2013	3,034	2,101	69.2%
December 31, 2014	962	244	25.4%
December 31, 2015	197	243	123.4%

ADDITIONAL INFORMATION

CALIFORNIA ISO RETIREES MEDICAL PLAN
FORM 5500 – SF, LINE 7(C) – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2015

Plan Sponsor: California Independent System Operator
Employer Identification Number: 94-3274043
Plan Number: 503
Form 5500 - SF, Line 7(c)

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor or similar party	Description of investment, including maturity date rate of interest, collateral par, or maturity value	Cost	Current value
*	Wells Fargo Bank Institutional Money Market	Money Market Fund	\$ 5,206	\$ 5,206
	American Beacon International Equity Fund Class I	Mutual Fund	866,599	802,923
	American Funds Europacific Growth Fund Class R6	Mutual Fund	814,027	802,862
	Aston/Fairpointe Mid Cap Fund Class I	Mutual Fund	225,356	180,513
	Brown Capital Management Small Company Fund Class I	Mutual Fund	167,391	177,197
	Hotchkis & Wiley Mid Cap Value Fund Class I	Mutual Fund	208,335	174,843
	T. Rowe Price Growth Stock Fund Inc	Mutual Fund	479,368	543,604
	Vanguard Institutional Index Fund	Mutual Fund	531,626	632,884
	Vanguard Total International Stock Index Fund Signal Shares	Mutual Fund	976,212	896,557
	Vanguard /Windsor II Fund Admiral Class	Mutual Fund	557,678	535,379
	Victory Integrity Small Cap Value Fund Class Y	Mutual Fund	164,972	177,460
	Metropolitan West Total Return Bond Fund Class I	Mutual Fund	1,228,099	1,184,201
	PIMCO Total Return Fund Institutional Shares	Mutual Fund	1,149,458	1,082,154
	Vanguard Short-term Bond Index Signal Fund	Mutual Fund	918,068	911,295
	PIMCO All Asset FD Institutional Class I	Mutual Fund	1,037,233	885,058
			<u>\$ 9,329,628</u>	<u>\$ 8,992,136</u>

* Party-in-interest

CALIFORNIA ISO RETIREES MEDICAL PLAN
FORM 5500 – SF, LINE 7(C) – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2014

Plan Sponsor: California Independent System Operator
Employer Identification Number: 94-3274043
Plan Number: 503
Form 5500 - SF, Line 7(c)

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor or similar party	Description of investment, including maturity date rate of interest, collateral par, or maturity value	Cost	Current value
*	Wells Fargo Bank Institutional Money Market	Money Market Fund	\$ 70,202	\$ 70,202
	American Beacon International Equity Fund Class I	Mutual Fund	777,433	747,478
	American Funds Europacific Growth Fund Class R6	Mutual Fund	762,361	782,114
	Aston/Fairpointe Mid Cap Fund Class I	Mutual Fund	214,348	200,871
	Brown Capital Management Small Company Fund Class I	Mutual Fund	173,736	185,568
	Hotchkis & Wiley Mid Cap Value Fund Class I	Mutual Fund	186,007	199,892
	T. Rowe Price Growth Stock Fund Inc	Mutual Fund	523,334	579,636
	Vanguard Institutional Index Fund	Mutual Fund	584,703	706,938
	Vanguard Total International Stock Index Fund Signal Shares	Mutual Fund	872,801	854,055
	Vanguard /Windsor II Fund Admiral Class	Mutual Fund	555,272	593,265
	Victory Integrity Small Cap Value Fund Class Y	Mutual Fund	162,323	190,102
	PIMCO Total Return Fund Institutional Shares	Mutual Fund	2,262,964	2,245,706
	Vanguard Short-term Bond Index Signal Fund	Mutual Fund	870,747	868,350
	PIMCO All Asset FD Institutional Class I	Mutual Fund	892,929	850,624
			<u>\$ 8,909,160</u>	<u>\$ 9,074,801</u>

* Party-in-interest

CALIFORNIA ISO RETIREES MEDICAL PLAN
FORM 5500 – SF, LINE 7(C) – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2013

Plan Sponsor: California Independent System Operator
Employer Identification Number: 94-3274043
Plan Number: 503
Form 5500 - SF, Line 7(c)

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor or similar party	Description of investment, including maturity date rate of interest, collateral par, or maturity value	Cost	Current value
*	Wells Fargo Bank Institutional Money Market	Money Market Fund	\$ 18,935	\$ 18,935
	American Beacon International Equity Fund Class I	Mutual Fund	756,766	803,761
	American Funds Europacific Growth Fund Class R6	Mutual Fund	748,908	800,466
	Aston/Fairpointe Mid Cap Fund Class I	Mutual Fund	183,118	182,564
	Brown Capital Management Small Company Fund Class I	Mutual Fund	164,153	181,591
	Hotchkis & Wiley Mid Cap Value Fund Class I	Mutual Fund	167,407	178,187
	Munder Veracity Small Cap Value Y Fund	Mutual Fund	162,323	177,124
	T. Rowe Price Growth Stock Fund Inc	Mutual Fund	471,156	532,622
	Vanguard Institutional Index Fund	Mutual Fund	571,557	622,014
	Vanguard Total International Stock Index Fund Signal Shares	Mutual Fund	844,464	891,479
	Vanguard /Windsor II Fund Admiral Class	Mutual Fund	503,768	533,233
	PIMCO Total Return Fund Institutional Shares	Mutual Fund	2,157,648	2,147,705
	Vanguard Short-term Bond Index Signal Fund	Mutual Fund	859,119	857,579
	PIMCO All Asset FD Institutional Class I	Mutual Fund	853,024	846,475
			<u>\$ 8,462,346</u>	<u>\$ 8,773,735</u>

* Party-in-interest

Plan sponsor: California Independent System Operator
 Employer identification number: 94-3274043
 Plan number: 503
 Form 5500-SF

CALIFORNIA ISO RETIREES MEDICAL PLAN
 FORM 5500-SF-SCHEDULE OF REPORTABLE TRANSACTIONS
 YEAR ENDED DECEMBER 31, 2015

DATE BOUGHT/SOLD	SHARES/ PAR VALUE	UNIT PRICE	EXPENSE INCURRED	PRINCIPAL CASH	TRANSACTION COST	REALIZED GAIN/LOSS
	BEGINNING MARKET VALUE		9,073,881.89			
	COMPARATIVE VALUE (5%)		453,694.09			
03/20/15 B	ISSUE: 592905509 - MET WEST TOTAL RETURN BOND CL I #512 108,893	11.020	0	1,200,000-*	1,200,000	
03/20/15 S	ISSUE: 693390700 - PIMCO TOTAL RET FD-INST #35 110,396	10.870	0	1,200,000 *	1,185,872	14,128
	GRAND TOTAL		0	2,400,000	2,385,872	14,128

F O O T N O T E S

* = SINGLE TRANSACTION IS 5% REPORTABLE
 B = BUY TRANSACTION
 S = SELL TRANSACTION
 R = REINVESTMENT TRANSACTION

Plan sponsor: California Independent System Operator
 Employer identification number: 94-3274043
 Plan number: 503
 Form 5500-SF

CALIFORNIA ISO RETIREES MEDICAL PLAN
 FORM 5500-SF-SCHEDULE OF REPORTABLE TRANSACTIONS
 YEAR ENDED DECEMBER 31, 2015

DATE BOUGHT/SOLD	SHARES/ PAR VALUE	SERIES / BY BROKER		PRINCIPAL CASH	TRANSACTION COST	REALIZED GAIN/LOSS
-----	-----	UNIT PRICE	EXPENSE INCURRED	-----	-----	-----
	BEGINNING MARKET VALUE		9,073,881.89			
	COMPARATIVE VALUE (5%)		453,694.09			
	-----		-----			

*** NO TRANSACTIONS QUALIFIED ***

Plan sponsor: California Independent System Operator
Employer identification number: 94-3274043
Plan number: 503
Form 5500-SF

CALIFORNIA ISO RETIREES MEDICAL PLAN
FORM 5500-SF-SCHEDULE OF REPORTABLE TRANSACTIONS
YEAR ENDED DECEMBER 31, 2015

DATE BOUGHT/SOLD	SHARES/ PAR VALUE	SERIES / BY ISSUE UNIT PRICE	EXPENSE INCURRED	PRINCIPAL CASH	TRANSACTION COST	REALIZED GAIN/LOSS
BEGINNING MARKET VALUE			9,073,881.89			
COMPARATIVE VALUE (5%)			453,694.09			
ISSUE: 592905509 - MET WEST TOTAL RETURN BOND CL I #512						
04/01/15 R	37	11.010	0	411-	411	
05/01/15 R	155	10.970	0	1,699-	1,699	
06/01/15 R	198	10.930	0	2,160-	2,160	
07/01/15 R	176	10.810	0	1,905-	1,905	
08/03/15 R	181	10.850	0	1,965-	1,965	
09/02/15 R	177	10.810	0	1,913-	1,913	
10/01/15 R	149	10.830	0	1,617-	1,617	
11/02/15 R	155	10.820	0	1,678-	1,678	
12/02/15 R	163	10.790	0	1,762-	1,762	
12/15/15 R	1,222	10.630	0	12,989-	12,989	
SUB-TOTAL OF REINVS # 10			0	28,099	28,099	
03/20/15 B	108,893	11.020	0	1,200,000-*	1,200,000	
SUB-TOTAL OF BUYS # 1			0	1,200,000	1,200,000	
SUB-TOTAL			0	1,228,099	1,228,099	0

ISSUE: 693390700 - PIMCO TOTAL RET FD-INST #35						
01/05/15 R	494	10.660	0	5,264-	5,264	
02/03/15 R	214	10.930	0	2,337-	2,337	
03/03/15 R	233	10.840	0	2,524-	2,524	
04/02/15 R	221	10.860	0	2,399-	2,399	
05/04/15 R	252	10.770	0	2,714-	2,714	
06/02/15 R	280	10.700	0	2,992-	2,992	
07/02/15 R	239	10.580	0	2,533-	2,533	
08/04/15 R	372	10.670	0	3,972-	3,972	
09/02/15 R	312	10.550	0	3,296-	3,296	
10/02/15 R	299	10.470	0	3,135-	3,135	
11/03/15 R	291	10.520	0	3,060-	3,060	
12/02/15 R	269	10.480	0	2,817-	2,817	
12/18/15 R	3,716	10.080	0	37,455-	37,455	

Plan sponsor: California Independent System Operator
Employer identification number: 94-3274043
Plan number: 503
Form 5500-SF

CALIFORNIA ISO RETIREES MEDICAL PLAN
FORM 5500-SF-SCHEDULE OF REPORTABLE TRANSACTIONS
YEAR ENDED DECEMBER 31, 2015

DATE BOUGHT/SOLD	SHARES/ PAR VALUE	SERIES / BY ISSUE		PRINCIPAL CASH	TRANSACTION COST	REALIZED GAIN/LOSS
		UNIT PRICE	EXPENSE INCURRED			
			-----	-----	-----	-----
	SUB-TOTAL OF REINVS # 13		0	74,498	74,498	
03/20/15 S	110,396	10.870	0	1,200,000 *	1,185,872	14,128
	SUB-TOTAL OF SALES # 1		0	1,200,000	1,185,872	14,128
	SUB-TOTAL		0	1,274,498	1,260,370	14,128
	GRAND TOTAL		0	2,502,597	2,488,469	14,128

FOOTNOTES

* = SINGLE TRANSACTION IS 5% REPORTABLE
B = BUY TRANSACTION
S = SELL TRANSACTION
R = REINVESTMENT TRANSACTION

Plan sponsor: California Independent System Operator
Employer identification number: 94-3274043
Plan number: 503
Form 5500-SF

CALIFORNIA ISO RETIREES MEDICAL PLAN
FORM 5500-SF-SCHEDULE OF REPORTABLE TRANSACTIONS
YEAR ENDED DECEMBER 31, 2013

DATE BOUGHT/SOLD	SHARES/ PAR VALUE	UNIT PRICE	EXPENSE INCURRED	PRINCIPAL CASH	TRANSACTION COST	REALIZED GAIN/LOSS
BEGINNING MARKET VALUE			6,564,117.93			
COMPARATIVE VALUE (5%)			328,205.90			
08/26/13 B	ISSUE: 693390700 - PIMCO TOTAL RET FD-INST #35 84,349	10.670	0	900,000-*	900,000	
10/08/13 B	ISSUE: 693390700 - PIMCO TOTAL RET FD-INST #35 56,839	10.820	0	615,000-*	615,000	
12/18/13 B	ISSUE: 693390700 - PIMCO TOTAL RET FD-INST #35 58,086	10.760	0	625,000-*	625,000	
08/26/13 B	ISSUE: 722005626 - PIMCO ALL ASSET FD CL-I #34 29,975	12.010	0	360,000-*	360,000	
10/03/13 S	ISSUE: 912828KS8 - US TREASURY NOTE 2.625% 2/29/16 500,000	1.052	0	526,094 *	514,260	11,834
08/27/13 S	ISSUE: 912828PC8 - US TREASURY NOTE 2.625% 11/15/20 500,000	1.027	0	513,281 *	472,850	40,431
08/26/13 B	ISSUE: 921909792 - VANGUARD TOTAL INT ST IDX-SI #1769 11,617	30.990	0	360,000-*	360,000	
08/26/13 B	ISSUE: 921937850 - VANGUARD S/T BD IND SIGNAL #1349 34,351	10.480	0	360,000-*	360,000	
03/18/13 B	ISSUE: 992995936 - WFB COLLATERALIZED INST BANK DEP A/C 1,839,347	1.000	0	1,839,347-*	1,839,347	
08/27/13 S	ISSUE: 992995936 - WFB COLLATERALIZED INST BANK DEP A/C 3,600,000	1.000	0	3,600,000 *	3,600,000	0
08/28/13 B	ISSUE: 992995936 - WFB COLLATERALIZED INST BANK DEP A/C 1,350,544	1.000	0	1,350,544-*	1,350,544	
09/23/13 B	ISSUE: 992995936 - WFB COLLATERALIZED INST BANK DEP A/C 1,163,000	1.000	0	1,163,000-*	1,163,000	
10/04/13 B	ISSUE: 992995936 - WFB COLLATERALIZED INST BANK DEP A/C 789,101	1.000	0	789,101-*	789,101	
10/09/13 S	ISSUE: 992995936 - WFB COLLATERALIZED INST BANK DEP A/C 2,355,000	1.000	0	2,355,000 *	2,355,000	0
10/18/13 B	ISSUE: 992995936 - WFB COLLATERALIZED INST BANK DEP A/C 758,703	1.000	0	758,703-*	758,703	
10/22/13 B	ISSUE: 992995936 - WFB COLLATERALIZED INST BANK DEP A/C 673,536	1.000	0	673,536-*	673,536	
12/19/13 S	ISSUE: 992995936 - WFB COLLATERALIZED INST BANK DEP A/C 2,305,000	1.000	0	2,305,000 *	2,305,000	0
GRAND TOTAL			0	19,093,606	19,041,341	52,265

Plan sponsor: California Independent System Operator
Employer identification number: 94-3274043
Plan number: 503
Form 5500-SF

CALIFORNIA ISO RETIREES MEDICAL PLAN
FORM 5500-SF-SCHEDULE OF REPORTABLE TRANSACTIONS
YEAR ENDED DECEMBER 31, 2013

<u>DATE BOUGHT/SOLD</u>	<u>SHARES/ PAR VALUE</u>	<u>UNIT PRICE</u>	<u>EXPENSE INCURRED</u>	<u>PRINCIPAL CASH</u>	<u>TRANSACTION COST</u>	<u>REALIZED GAIN/LOSS</u>
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F O O T N O T E S

* = SINGLE TRANSACTION IS 5% REPORTABLE
B = BUY TRANSACTION
S = SELL TRANSACTION
R = REINVESTMENT TRANSACTION

Plan sponsor: California Independent System Operator
Employer identification number: 94-3274043
Plan number: 503
Form 5500-SF

CALIFORNIA ISO RETIREES MEDICAL PLAN
FORM 5500-SF-SCHEDULE OF REPORTABLE TRANSACTIONS
YEAR ENDED DECEMBER 31, 2013

DATE BOUGHT/SOLD	SHARES/ PAR VALUE	SERIES / BY BROKER	UNIT PRICE	EXPENSE INCURRED	PRINCIPAL CASH	TRANSACTION COST	REALIZED GAIN/LOSS	
BEGINNING MARKET VALUE					6,564,117.93			
COMPARATIVE VALUE (5%)					328,205.90			
BROKER: MORGAN STANLEY DW INC.								
08/27/13	S	ISSUE: 912828PC8 - US TREASURY NOTE 2.625% 11/15/20	500,000	1.027	0	513,281 *	472,850	40,431
08/27/13	S	ISSUE: 3134G2U42 - FED HOME LN MTG CORP 0.375% 10/15/13	300,000	1.000	0	300,048	300,444	-396
08/27/13	S	ISSUE: 912828RS1 - US TREASURY NOTE 0.25% 11/30/13	250,000	1.000	0	250,078	250,000	78
08/27/13	S	ISSUE: 3137EAAM1 - FED HOME LN MTG CORP 5% 2/16/17	250,000	1.130	0	282,408	296,100	-13,693
09/18/13	S	ISSUE: 239753BM7 - TARGET CORP 8.8% 5/15/22	200,000	1.333	0	266,500	291,000	-24,500
09/18/13	S	ISSUE: 828807BW6 - SIMON PROPERTY GROUP 5.25% 12/01/16	250,000	1.108	0	276,953	284,570	-7,618
10/03/13	S	ISSUE: 912828KS8 - US TREASURY NOTE 2.625% 2/29/16	500,000	1.052	0	526,094 *	514,260	11,834
10/03/13	S	ISSUE: 912828QY9 - US TREASURY NOTE 2.25% 7/31/18	250,000	1.043	0	260,781	261,563	-781
10/17/13	S	ISSUE: 36962G4C5 - GENERAL ELEC CAP COR 5.9% 5/13/14	200,000	1.031	0	206,124	226,664	-20,540
10/17/13	S	ISSUE: 313371VF0 - FED HOME LN BK 1.625% 12/11/15	250,000	1.024	0	256,010	255,278	733
10/17/13	S	ISSUE: 459200GW5 - IBM CORP 1.25% 5/12/14	200,000	1.005	0	200,960	202,600	-1,640
SUB-TOTAL					0	3,339,237	3,355,329	-16,091

BROKER: WELLS FARGO SECURITIES, LLC

09/18/13	S	ISSUE: 263534BW8 - E.I. DU PONT DE NEMO 5.75% 3/15/19	200,000	1.154	0	230,734	238,400	-7,666
09/18/13	S	ISSUE: 134429AV1 - CAMPBELL SOUP CO 3.05% 7/15/17	200,000	1.046	0	209,278	210,484	-1,206
09/18/13	S	ISSUE: 19416QDHO - COLGATE-PALMOLIVE CO 5.2% 11/07/16	148,000	1.114	0	164,879	174,171	-9,291

Plan sponsor: California Independent System Operator
 Employer identification number: 94-3274043
 Plan number: 503
 Form 5500-SF

CALIFORNIA ISO RETIREES MEDICAL PLAN
 FORM 5500-SF-SCHEDULE OF REPORTABLE TRANSACTIONS
 YEAR ENDED DECEMBER 31, 2013

DATE BOUGHT/SOLD	SHARES/ PAR VALUE	SERIES / BY BROKER UNIT PRICE	EXPENSE INCURRED	PRINCIPAL CASH	TRANSACTION COST	REALIZED GAIN/LOSS
10/17/13 S	250,000	ISSUE: 912828RB8 - US TREASURY NOTE 0.5% 8/15/14 1.002	0	250,625	250,820	-195
10/17/13 S	250,000	ISSUE: 977100AT3 - WISCONSIN ST GEN REV 4.319% 5/01/14 1.020	0	255,000	267,530	-12,530
	SUB-TOTAL		0	1,110,516	1,141,405	-30,889
	GRAND TOTAL		0	4,449,753	4,496,734	-46,980

FOOTNOTES

* = SINGLE TRANSACTION IS 5% REPORTABLE
 B = BUY TRANSACTION
 S = SELL TRANSACTION
 R = REINVESTMENT TRANSACTION

Plan sponsor: California Independent System Operator
Employer identification number: 94-3274043
Plan number: 503
Form 5500-SF

CALIFORNIA ISO RETIREES MEDICAL PLAN
FORM 5500-SF-SCHEDULE OF REPORTABLE TRANSACTIONS
YEAR ENDED DECEMBER 31, 2013

DATE BOUGHT/SOLD	SHARES/ PAR VALUE	UNIT PRICE	EXPENSE INCURRED	PRINCIPAL CASH	TRANSACTION COST	REALIZED GAIN/LOSS
BEGINNING MARKET VALUE			6,564,117.93			
COMPARATIVE VALUE (5%)			328,205.90			
ISSUE: 02368A406 - AMERICAN BEACON INTL EQ-INST #67						
12/19/13 R	644	19.820	0	12,766-	12,766	
SUB-TOTAL OF REINVS # 1			0	12,766	12,766	
08/26/13 B	17,373	18.650	0	324,000-	324,000	
10/08/13 B	10,989	19.110	0	210,000-	210,000	
12/18/13 B	10,511	19.980	0	210,000-	210,000	
SUB-TOTAL OF BUYS # 3			0	744,000	744,000	
SUB-TOTAL			0	756,766	756,766	0
ISSUE: 298706821 - AMERICAN FUNDS EUROPAC GRTH R6 #2616						
12/26/13 R	205	48.370	0	9,908-	9,908	
SUB-TOTAL OF REINVS # 1			0	9,908	9,908	
08/26/13 B	7,306	44.350	0	324,000-	324,000	
10/08/13 B	4,580	45.850	0	210,000-	210,000	
12/18/13 B	4,236	48.400	0	205,000-	205,000	
SUB-TOTAL OF BUYS # 3			0	739,000	739,000	
SUB-TOTAL			0	748,908	748,908	0
ISSUE: 693390700 - PIMCO TOTAL RET FD-INST #35						
09/04/13 R	40	10.650	0	424-	424	
10/02/13 R	146	10.820	0	1,577-	1,577	
11/04/13 R	244	10.900	0	2,665-	2,665	
12/04/13 R	262	10.880	0	2,850-	2,850	
12/13/13 R	943	10.750	0	10,133-	10,133	

Plan sponsor: California Independent System Operator
Employer identification number: 94-3274043
Plan number: 503
Form 5500-SF

CALIFORNIA ISO RETIREES MEDICAL PLAN
FORM 5500-SF-SCHEDULE OF REPORTABLE TRANSACTIONS
YEAR ENDED DECEMBER 31, 2013

		SERIES / BY ISSUE				
DATE BOUGHT/SOLD	SHARES/ PAR VALUE	UNIT PRICE	EXPENSE INCURRED	PRINCIPAL CASH	TRANSACTION COST	REALIZED GAIN/LOSS
	SUB-TOTAL OF REINVS # 5		0	17,649	17,649	
08/26/13 B	84,349	10.670	0	900,000-*	900,000	
10/08/13 B	56,839	10.820	0	615,000-*	615,000	
12/18/13 B	58,086	10.760	0	625,000-*	625,000	
	SUB-TOTAL OF BUYS # 3		0	2,140,000	2,140,000	
	SUB-TOTAL		0	2,157,649	2,157,649	0
ISSUE: 722005626 - PIMCO ALL ASSET FD CL-I #34						
09/23/13 R	246	12.300	0	3,024-	3,024	
	SUB-TOTAL OF REINVS # 1		0	3,024	3,024	
08/26/13 B	29,975	12.010	0	360,000-*	360,000	
10/08/13 B	19,576	12.260	0	240,000-	240,000	
12/18/13 B	20,276	12.330	0	250,000-	250,000	
	SUB-TOTAL OF BUYS # 3		0	850,000	850,000	
	SUB-TOTAL		0	853,024	853,024	0
ISSUE: 741479109 - T ROWE PRICE GROWTH STK FD #40						
12/01/13 R	3	50.460	0	156-	156	
	SUB-TOTAL OF REINVS # 1		0	156	156	
08/26/13 B	4,852	44.520	0	216,000-	216,000	
10/08/13 B	2,943	45.870	0	135,000-	135,000	
12/18/13 B	2,334	51.420	0	120,000-	120,000	
	SUB-TOTAL OF BUYS # 3		0	471,000	471,000	
	SUB-TOTAL		0	471,156	471,156	0
ISSUE: 912828KS8 - US TREASURY NOTE 2.625% 2/29/16						

Plan sponsor: California Independent System Operator
Employer identification number: 94-3274043
Plan number: 503
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CALIFORNIA ISO RETIREES MEDICAL PLAN
FORM 5500-SF-SCHEDULE OF REPORTABLE TRANSACTIONS
YEAR ENDED DECEMBER 31, 2013

SERIES / BY ISSUE						
DATE BOUGHT/SOLD	SHARES/ PAR VALUE	UNIT PRICE	EXPENSE INCURRED	PRINCIPAL CASH	TRANSACTION COST	REALIZED GAIN/LOSS
10/03/13 S	500,000	1.052	0	526,094 *	514,260	11,834
SUB-TOTAL OF SALES # 1			0	526,094	514,260	11,834
SUB-TOTAL			0	526,094	514,260	11,834
ISSUE: 912828PC8 - US TREASURY NOTE 2.625% 11/15/20						
08/27/13 S	500,000	1.027	0	513,281 *	472,850	40,431
SUB-TOTAL OF SALES # 1			0	513,281	472,850	40,431
SUB-TOTAL			0	513,281	472,850	40,431
ISSUE: 921909792 - VANGUARD TOTAL INT ST IDX-SI #1769						
09/20/13 R	52	32.600	0	1,708-	1,708	
12/19/13 R	238	32.620	0	7,757-	7,757	
SUB-TOTAL OF REINVS # 2			0	9,465	9,465	
08/26/13 B	11,617	30.990	0	360,000-*	360,000	
10/08/13 B	7,185	32.010	0	230,000-	230,000	
12/18/13 B	7,440	32.930	0	245,000-	245,000	
SUB-TOTAL OF BUYS # 3			0	835,000	835,000	
SUB-TOTAL			0	844,465	844,465	0
ISSUE: 921937850 - VANGUARD S/T BD IND SIGNAL #1349						
08/01/13 R	5	10.480	0	56-	56	
09/01/13 R	32	10.530	0	333-	333	
10/01/13 R	50	10.560	0	525-	525	
11/30/13 R	54	10.560	0	566-	566	
12/20/13 R	186	10.490	0	1,956-	1,956	
12/31/13 R	65	10.490	0	683-	683	
SUB-TOTAL OF REINVS # 6			0	4,119	4,119	
08/26/13 B	34,351	10.480	0	360,000-*	360,000	

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CALIFORNIA ISO RETIREES MEDICAL PLAN
FORM 5500-SF-SCHEDULE OF REPORTABLE TRANSACTIONS
YEAR ENDED DECEMBER 31, 2013

DATE BOUGHT/SOLD	SHARES/ PAR VALUE	SERIES / BY ISSUE		PRINCIPAL CASH	TRANSACTION COST	REALIZED GAIN/LOSS
		UNIT PRICE	EXPENSE INCURRED			
10/08/13 B	23,764	10.520	0	250,000-	250,000	
12/18/13 B	23,245	10.540	0	245,000-	245,000	
SUB-TOTAL OF BUYS # 3			0	855,000	855,000	
SUB-TOTAL			0	859,119	859,119	0
ISSUE: 922018304 - VANGUARD WINDSOR II FD-ADM #573						
12/17/13 R	68	62.660	0	4,272-	4,272	
12/17/13 R	136	62.660	0	8,496-	8,496	
SUB-TOTAL OF REINVS # 2			0	12,768	12,768	
08/26/13 B	3,540	61.020	0	216,000-	216,000	
10/08/13 B	2,469	60.760	0	150,000-	150,000	
12/18/13 B	1,961	63.740	0	125,000-	125,000	
SUB-TOTAL OF BUYS # 3			0	491,000	491,000	
SUB-TOTAL			0	503,768	503,768	0
ISSUE: 922040100 - VANGUARD INSTL INDEX FD #94						
09/26/13 R	8	155.550	0	1,296-	1,296	
12/26/13 R	19	168.640	0	3,260-	3,260	
SUB-TOTAL OF REINVS # 2			0	4,556	4,556	
08/26/13 B	1,656	152.200	0	252,000-	252,000	
10/08/13 B	1,121	151.700	0	170,000-	170,000	
12/18/13 B	870	166.580	0	145,000-	145,000	
SUB-TOTAL OF BUYS # 3			0	567,000	567,000	
SUB-TOTAL			0	571,556	571,556	0
ISSUE: 992995936 - WFB COLLATERALIZED INST BANK DEP A/C						
01/02/13 B	640	1.000	0	640-	640	
01/15/13 B	3,050	1.000	0	3,050-	3,050	

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CALIFORNIA ISO RETIREES MEDICAL PLAN
FORM 5500-SF-SCHEDULE OF REPORTABLE TRANSACTIONS
YEAR ENDED DECEMBER 31, 2013

		SERIES / BY ISSUE					
DATE BOUGHT/SOLD	SHARES/ PAR VALUE	UNIT PRICE	EXPENSE INCURRED	PRINCIPAL CASH	TRANSACTION COST	REALIZED GAIN/LOSS	
-----	-----	-----	-----	-----	-----	-----	
01/31/13 B	2,813	1.000	0	2,813-	2,813		
02/01/13 B	21	1.000	0	21-	21		
02/15/13 B	625	1.000	0	625-	625		
02/19/13 B	6,250	1.000	0	6,250-	6,250		
02/28/13 B	6,563	1.000	0	6,563-	6,563		
03/01/13 B	19	1.000	0	19-	19		
03/15/13 B	5,750	1.000	0	5,750-	5,750		
03/18/13 B	1,839,347	1.000	0	1,839,347-*	1,839,347		
04/01/13 B	35	1.000	0	35-	35		
04/15/13 B	563	1.000	0	563-	563		
05/01/13 B	241,774	1.000	0	241,774-	241,774		
05/07/13 B	3,848	1.000	0	3,848-	3,848		
05/13/13 B	7,140	1.000	0	7,140-	7,140		
05/15/13 B	15,363	1.000	0	15,363-	15,363		
05/28/13 B	469	1.000	0	469-	469		
05/31/13 B	313	1.000	0	313-	313		
06/03/13 B	6,619	1.000	0	6,619-	6,619		
06/11/13 B	2,031	1.000	0	2,031-	2,031		
07/01/13 B	250,639	1.000	0	250,639-	250,639		
07/15/13 B	3,050	1.000	0	3,050-	3,050		
07/31/13 B	2,813	1.000	0	2,813-	2,813		
08/01/13 B	61	1.000	0	61-	61		
08/15/13 B	625	1.000	0	625-	625		
08/16/13 B	6,250	1.000	0	6,250-	6,250		
08/28/13 B	1,350,544	1.000	0	1,350,544-*	1,350,544		
09/03/13 B	6,617	1.000	0	6,617-	6,617		
09/16/13 B	5,750	1.000	0	5,750-	5,750		
09/23/13 B	1,163,000	1.000	0	1,163,000-*	1,163,000		
10/01/13 B	28	1.000	0	28-	28		
10/04/13 B	789,101	1.000	0	789,101-*	789,101		
10/18/13 B	758,703	1.000	0	758,703-*	758,703		
10/22/13 B	673,536	1.000	0	673,536-*	673,536		
10/28/13 B	25	1.000	0	25-	25		
11/01/13 B	35	1.000	0	35-	35		
12/02/13 B	39	1.000	0	39-	39		
	SUB-TOTAL OF BUYS	# 37	0	7,154,049	7,154,049		
08/20/13 S	25	1.000	0	25	25	0	
08/27/13 S	3,600,000	1.000	0	3,600,000 *	3,600,000	0	
10/08/13 S	45,000	1.000	0	45,000	45,000	0	
10/09/13 S	2,355,000	1.000	0	2,355,000 *	2,355,000	0	
12/18/13 S	45,000	1.000	0	45,000	45,000	0	
12/19/13 S	2,305,000	1.000	0	2,305,000 *	2,305,000	0	

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CALIFORNIA ISO RETIREES MEDICAL PLAN
 FORM 5500-SF-SCHEDULE OF REPORTABLE TRANSACTIONS
 YEAR ENDED DECEMBER 31, 2013

DATE BOUGHT/SOLD -----	SHARES/ PAR VALUE -----	SERIES / BY ISSUE		PRINCIPAL CASH -----	TRANSACTION COST -----	REALIZED GAIN/LOSS -----
		UNIT PRICE -----	EXPENSE INCURRED -----			
	SUB-TOTAL OF SALES # 6		0	8,350,025	8,350,025	0
	SUB-TOTAL		0	15,504,074	15,504,074	0
	GRAND TOTAL		0	24,309,860	24,257,595	52,265

F O O T N O T E S

* = SINGLE TRANSACTION IS 5% REPORTABLE
 B = BUY TRANSACTION
 S = SELL TRANSACTION
 R = REINVESTMENT TRANSACTION

Plan sponsor: California Independent System Operator
Employer identification number: 94-3274043
Plan number: 503
Form 5500-SF

CALIFORNIA ISO RETIREES MEDICAL PLAN
FORM 5500-SF-SCHEDULE OF REPORTABLE TRANSACTIONS
YEAR ENDED DECEMBER 31, 2013

DATE BOUGHT/SOLD	SHARES/ PAR VALUE	SINGLE / BY BROKER		PRINCIPAL CASH	TRANSACTION COST	REALIZED GAIN/LOSS
		UNIT PRICE	EXPENSE INCURRED			
BEGINNING MARKET VALUE			6,564,117.93			
COMPARATIVE VALUE (5%)			328,205.90			
BROKER: MORGAN STANLEY DW INC.						
08/27/13 S	ISSUE: 912828PC8 - US TREASURY NOTE 2.625% 11/15/20 500,000	1.027	0	513,281 *	472,850	40,431
08/27/13 S	ISSUE: 3134G2U42 - FED HOME LN MTG CORP 0.375% 10/15/13 300,000	1.000	0	300,048	300,444	-396
08/27/13 S	ISSUE: 912828RS1 - US TREASURY NOTE 0.25% 11/30/13 250,000	1.000	0	250,078	250,000	78
08/27/13 S	ISSUE: 3137EAAM1 - FED HOME LN MTG CORP 5% 2/16/17 250,000	1.130	0	282,408	296,100	-13,693
09/18/13 S	ISSUE: 239753BM7 - TARGET CORP 8.8% 5/15/22 200,000	1.333	0	266,500	291,000	-24,500
09/18/13 S	ISSUE: 828807BW6 - SIMON PROPERTY GROUP 5.25% 12/01/16 250,000	1.108	0	276,953	284,570	-7,618
10/03/13 S	ISSUE: 912828KS8 - US TREASURY NOTE 2.625% 2/29/16 500,000	1.052	0	526,094 *	514,260	11,834
10/03/13 S	ISSUE: 912828QY9 - US TREASURY NOTE 2.25% 7/31/18 250,000	1.043	0	260,781	261,563	-781
10/17/13 S	ISSUE: 36962G4C5 - GENERAL ELEC CAP COR 5.9% 5/13/14 200,000	1.031	0	206,124	226,664	-20,540
10/17/13 S	ISSUE: 313371VF0 - FED HOME LN BK 1.625% 12/11/15 250,000	1.024	0	256,010	255,278	733
10/17/13 S	ISSUE: 459200GW5 - IBM CORP 1.25% 5/12/14 200,000	1.005	0	200,960	202,600	-1,640
	SUB-TOTAL		0	3,339,237	3,355,329	-16,091
	GRAND TOTAL		0	3,339,237	3,355,329	-16,091

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CALIFORNIA ISO RETIREES MEDICAL PLAN
FORM 5500-SF-SCHEDULE OF REPORTABLE TRANSACTIONS
YEAR ENDED DECEMBER 31, 2013

DATE BOUGHT/SOLD -----	SHARES/ PAR VALUE -----	SINGLE / BY BROKER		PRINCIPAL CASH -----	TRANSACTION COST -----	REALIZED GAIN/LOSS -----
		UNIT PRICE -----	EXPENSE INCURRED -----			

F O O T N O T E S

* = SINGLE TRANSACTION IS 5% REPORTABLE
B = BUY TRANSACTION
S = SELL TRANSACTION
R = REINVESTMENT TRANSACTION