



TABLE OF CONTENTS

February 29, 2024

Agenda	Public Notice & Agenda	Page 2
Item 2	Meeting Minutes for November 2, 2023	Page 6
Item 3	Executive Report	Page 15
Item 4	Administrator Evaluation	Page 16
Item 5	Financial Report	Page 17
Item 6	Proposed 2024 CWF Budget	Page 29
Item 7	Claims Administration Update	Page 33
Item 8	Enterprise Risk Management	Page 36



Notice Publication Date: February 16, 2024

PUBLIC NOTICE

A PUBLIC MEETING OF THE CALIFORNIA CATASTROPHE RESPONSE COUNCIL

NOTICE IS HEREBY GIVEN that the California Catastrophe Response Council (Council) will conduct a public meeting as described in this Notice. Pursuant to California Government Code §11120 *et seq.*, the Bagley-Keene Open Meeting Act applies generally to meetings of the Council, and the meeting is open to the public – public participation, comments, and questions will be welcome for agenda items on which the Council is considering taking action. All items on the Agenda are appropriate for action if the Council wishes to take action. Agenda items may be taken out of order.

This meeting will be held both in-person and via teleconference in accordance with Government Code section 11123.2. The meeting location noted below will be open to Council members and the public. The public may also participate remotely through the Zoom meeting link below. None of the locations from which the Council members will participate remotely will be open to the public.

DATE: February 29, 2024
TIME: 2:00 p.m.
LOCATION: 400 Capitol Mall, Suite 670, Sacramento, CA 95814

TELECONFERENCE ACCESS:

By Computer (Open the Zoom* App, or navigate to www.zoom.com):
Enter Meeting ID: 853 8021 9899
Direct Link: <https://us02web.zoom.us/j/83215291416>

By Phone: 1 (669) 900-6833
Enter Meeting ID: 832 1529 1416

* Please note that use of the Zoom platform to access the meeting may require the entry of an email address and may be subject to the Terms of Use and Privacy Policy of Zoom, which are outside the control of the Council or CEA. Anyone with concerns about the use of Zoom should use the phone access.

PUBLIC PARTICIPATION PROCEDURES: All members of the public shall have the right to observe the meeting and offer comments at this public meeting. The telephone lines and Zoom links of members of the public will initially be muted to prevent background noise from inadvertently disrupting the meeting. Phone lines and Zoom links will be unmuted upon request during all portions of the meeting that are appropriate for public comment.

The member of the Council acting as Chair of the meeting will indicate when a portion of the meeting is to be open for public comment. Members of the public attending via Zoom or phone must either press *9 on their phone or use the "Raise Hand" button on Zoom. This action will notify the meeting moderator that you wish to comment, and you will be placed in line to comment in the order in which requests are received. When it is your turn to comment, the moderator will unmute you and announce your opportunity to comment. The Chair of the meeting reserves the right to limit the time for comment. **Members of the public should be prepared to complete their comments within approximately 2 to 3 minutes.** More or less time may be allotted by the Chair in his or her sole discretion. Please take notice that this meeting may be recorded, and that making public comments at the meeting will indicate your consent to the recording and to all future use and distribution of the recording.

ACCESSIBILITY FOR DISABLED PERSONS: Persons who, due to a disability, need assistance in order to participate in this meeting should, prior to the meeting, contact CEA's ADA Coordinator either by phone by dialing (916) 661-5400, or by e-mail addressed to EEO@calquake.com and sjohnson@calquake.com. TTY/TDD and Speech-to-Speech users may dial 7-1-1 for the California Relay Service to submit comments on an agenda item or to request special accommodations for persons with disabilities. Persons with disabilities may request special accommodations at this or any future Council meeting or may request the accommodation necessary to receive agendas or materials prepared for Council meetings. Please contact Susan Johnson by telephone, toll free, at **(877) 797-4300**, or by email at sjohnson@calquake.com. We would appreciate hearing from you at least five days before the meeting date to best allow us to meet your needs.

MEETING MATERIALS: A copy of this Notice and Agenda has been posted on the Wildfire Fund website <https://www.cawildfirefund.com/council>. Prior to the meeting, the written materials that will be provided to members of the Council will also be posted on this website. Finally, on the day of the meeting, a copy of any presentation deck that the Council or the Administrator may use during the meeting will also be posted to this site.

AGENDA

1. Quorum: Call to order and member roll call:

- Governor
- Treasurer
- Insurance Commissioner
- Secretary for Natural Resources
- Tracy Van Houten, Appointee of the Speaker of the Assembly
- Kathleen Ritzman, Appointee of the Senate Rules Committee
- Paul Rosenstiel, Public Member appointed by the Governor
- Rhoda Rossman, Public Member appointed by the Governor
- Catherine Barna, Public Member appointed by the Governor

Establishment of a quorum

2. Minutes: Review and approve the minutes of the November 2, 2023, meeting of the Council.
3. Executive Report: CEA Chief Executive Officer (Interim) Tom Welsh will provide the Council with an executive report.
4. Administrator Evaluation: Mr. Welsh will ask the Council to appoint 2 members to the informal Administration Evaluation Subcommittee for the purpose of preparing the evaluation of CEA as the Wildfire Fund Administrator for 2023.
5. Financial Report: CEA Chief Financial Officer Tom Hanzel will provide the Council with a financial report on the Wildfire Fund as of December 31, 2023.
6. Proposed 2024 CWF Budget: Mr. Hanzel will seek approval of the proposed 2024 California Wildfire Fund Budget.
7. Claims Administration Update: CEA Chief Insurance & Claims Officer George Sittner will provide an update on Claims Administration.
8. Enterprise Risk Management: CEA Enterprise Risk Manager Andrea Wheeler will deliver a quarterly report on the Enterprise Risk Management program for the Wildfire Fund.
9. Public Comment: The Council will invite public comment on matters related to the Wildfire Fund that do not appear on this agenda, and to request that matters be placed on a future agenda.
10. Adjournment.

For further information about this notice or its contents:

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To view this notice on the California Wildfire Fund website and to access meeting materials, please visit
<https://www.cawildfirefund.com/council>



California Catastrophe Response Council Memorandum

February 29, 2024

Agenda Item 02: Minutes

Recommended Action: Approve Minutes of November 2, 2023 Meeting

Attached is a draft of the minutes of the November 2, 2023 meeting of the California Catastrophe Response Council. CEA staff has reviewed these minutes and believe they accurately summarize and document the matters discussed and actions taken by the Council at that meeting. CEA staff recommends approval and adoption of the draft minutes as the official record of the November 2, 2023 meeting of the Council.

DRAFT
California Catastrophe Response Council Meeting Minutes

November 2, 2023
3:00 p.m.

Location: 400 Capitol Mall, Suite 670
Sacramento, CA 95814

Members of Council in Attendance:

Mark Ghilarducci, Chair, designee of Governor Gavin Newsom
Khaim Morton, designee of State Treasurer Fiona Ma*
Michael Martinez, designee of Insurance Commissioner Ricardo Lara*
Bryan Cash, designee of Secretary of Natural Resources Wade Crowfoot*
Tracy Van Houten, appointee of Speaker of the Assembly*
Paul Rosenstiel, Public Member
Rhoda Rossman, Public Member*
Catherine Barna, Public Member*

*Participated remotely.

Members of CEA Staff in Attendance:

Glenn Pomeroy, Chief Executive Officer
Suman Tatapudy, General Counsel
Shawna Ackerman, Chief Risk & Actuarial Officer
Tom Hanzel, Chief Financial Officer
George Sittner, Chief Insurance & Claims Officer
Susan Johnson, Governance Liaison

Speakers:

Forest Schafer, State Coordinator for the Governor's Wildfire & Forest Resilience Task Force

1. Quorum: Call to order and member roll call.

Chair Mark Ghilarducci called the meeting to order at 3:02 p.m.

Ms. Johnson called the roll and stated a quorum was present.

2. Minutes: Review and approve the minutes of the August 3, 2023, meeting of the Council.

MOTION: Mr. Rosenstiel motioned to approve the August 3, 2023, meeting minutes as written. Ms. Van Houten seconded. The motion carried unanimously by roll call vote.

3. Executive Report: CEA Chief Executive Officer Glenn Pomeroy will provide the Council with an executive report.

Chief Executive Officer Glenn Pomeroy began by noting the CEA will be moving its offices next summer to today's meeting location. He then provided a brief background overview of the CCRC. He stated a claim is soon expected resulting from the 2021 Dixie Fire, adding 2023 was a favorable year in terms of fire activity.

Mr. Pomeroy then announced that Suman Tatapudy, lead legal advisor to the CCRC and the CEA as Administrator of the Wildfire Fund, has become CEA's General Counsel and Tom Welsh has moved into a new role as the CEA Chief Legal and Compliance Officer.

Mr. Pomeroy asked Ms. Tatapudy to brief the Council on new rules taking effect January 1, 2024 impacting public meetings conducted via teleconference.

Ms. Tatapudy stated Senate Bill (SB) 544 was signed into law on September 22, 2023, and goes into effect on January 1, 2024. SB 544 establishes new procedures for how state bodies may conduct public meetings using teleconference while staying in compliance with the Bagley-Keene Open Meeting Act. She provided a high-level summary of the bill's requirements.

Council Members asked clarifying questions.

There was no public comment.

4. Proposed 2024 Council Meeting Dates: Mr. Pomeroy will present for discussion the proposed 2024 Council meeting dates.

Mr. Pomeroy reviewed the proposed 2024 CCRC Meeting Schedule, which was included in the meeting materials.

There was no discussion and no public comment.

5. Financial Report: CEA Chief Financial Officer Tom Hanzel will provide the Council with a financial report on the Wildfire Fund as of September 30, 2023.

Chief Financial Officer Tom Hanzel reviewed financial highlights from the past quarter:

Balance Sheet:

- The CWF remains financially strong.
- The biggest challenge of 2023 continues to be the broad investment markets, specifically related to treasury rates as they continue to rise and are at historically elevated levels.
- Unrealized losses total approximately \$1 billion driven primarily by the higher treasury rates; however, these unrealized losses are offset by higher reinvestment rates which will result in increased investment income.

Net position stands at \$10.5 billion, up approximately \$950 million year-over-year.

- Year-over-year, the CEA received \$300 million of Investor-Owned Utility (IOU) annual payments, \$960 million in non-bypassable charges (NBCs) and approximately \$180 million of investment income.

- Offsetting that has been about \$460 million of repayment for the Surplus Money Investment Fund (SMIF) loan, which is now fully repaid. This nets out to approximately \$950 million and an increase in net position year-over-year.

Statements of Revenues, Expenses, and Changes in Net Position:

- NBCs of \$657 million are down approximately \$150 million year-over-year, driven by an overcollection in 2022.
 - The NBC rate charged was increased in 2022 due to under collections in 2020 and 2021. Warmer weather during the summer of 2022 also impacted collections.
 - The Department of Water Resources (DWR) reduced the NBC rate for 2023 and is now more in line with the summation of \$902.4 million of collections per year on average.
- Investment income is up 67 percent year-over-year from \$57 million to \$142 million, driven by the higher reinvestment rates.
- This is the final year that the SMIF loan repayments will be seen on the Income Statement and Balance Sheet.

2023 Approved Budget versus Actual Expenditures Statement:

- NBCs are down year-over-year but up versus budget, driven by more usage this year than expected. The DWR continues to look every quarter at the rates and charges to ensure the fund meets Assembly Bill (AB) 1054 mandates and collects on average the required \$902.4 million per year.
- Personnel expenses, allocated from the CEA to run the Wildfire Fund, are approximately \$300,000. This is down from the expected \$500,000 per year and down from about \$370,000 in the prior year.
- Potential claims coming in may increase the Personnel Expenses and General and Administrative Expenses Line Items if contracting and consulting expenses are required.
- General and Administrative Expenses are slightly under budget and staff expect expenses to be within budget for the year.

SMIF Loan & IOU Contributions Received:

- No contributions have occurred since the last meeting.
- The December collection of the \$300 million in IOU annual contributions are on track.

NBCs Received:

- NBC funds are now being received weekly rather than monthly. The DWR, State Controller's Office, and CEA's internal Finance team have worked together on the faster turnaround and continue to look for greater efficiency.

Investment Analysis:

- The CWF's total portfolio market value is up approximately \$900 million year-over-year to \$10.44 billion as of September 2023 with an average duration of 3.67 years and average credit ratings of "AA."
- The income return, net of fees, moved from 1.37% a year ago to 2.36%. This percent will continue to climb due to higher reinvestment rates.

Unrealized Losses

The current CWF portfolio has a market value of \$10.5 billion with unrealized losses of \$1.1 billion. Approximately \$400 million of that will be recovered over the next two years if rates stay the same. If rates go down, some of the recoveries may be accelerated on those unrealized losses.

Out-of-Compliance Securities

All out-of-compliance securities, due to a rating below the "A-" level, accounted for 0.3% of total market value of the portfolio. The unrealized loss portion of that accounted for 0.03% of the portfolio. The team and the investment managers monitor this daily. Changes in the ratings were driven by the increase in interest rates and the pressure put from the increased interest rates on regional banks. Opportunities to reduce banking and financial sector exposure were identified and \$13.4 million of out-of-compliance holdings in KeyBank and \$7.2 million of holdings in M&T were sold. Due to the Hawaii fires, Allstate was also downgraded so \$2.9 million in Allstate was sold to reduce exposure to insurance assets in the portfolio. Managers have been directed not to buy into property and casualty insurance.

This strategy will allow the CWF to recoup over 40% of its realized losses of \$740 million by investing in higher-yielding assets.

3M and Oracle continue to be monitored. These were both downgraded and are out-of-compliance, but the policy the Council approved a number of years ago gives the Administrator authority to hold and monitor investments.

Discussion

In response to a question from Ms. Rossman, Mr. Hanzel stated funds are usually invested immediately. Given that the CWF receives \$70 to \$80 million per month on the NBCs and with the receipt of the \$300 million coming in December, they will likely be targeted to work longer-term. He added it is important to consider the timing and size of the claim that might come from PG&E and the speed of maturities in determining how to invest the \$300 million. \$1.7 billion will mature in the next 12 months and another \$2 billion in the following year, which is 35% of the portfolio in the next two years.

Ms. Rossman stated there is so much coming in every week, it is important not to leave too much cash on the table. She asked when the IOU annual contributions will be received.

Mr. Hanzel stated it is usually received in the final two to three days of December.

Ms. Rossman asked if yearend is a good time for investing.

Mr. Hanzel stated that historically there is downward pressure on yields in the final days of the year and therefore there are funds that the cash can be invested in, such as a government money market fund, while waiting until the new year for better timing for investment.

Ms. Rossman agreed and stated the end of the year can be tricky for trading. The investment managers should not feel that they need to fully invest the cash immediately.

Mr. Hanzel agreed and stated there is not enough information yet to determine the timing or the size of upcoming claims. Barring unusual activity, it is expected that those claims can be paid out of maturities or at least hold some of them in high-yielding money market funds.

There was no public comment.

6. Claims Administration Update: CEA Chief Insurance & Claims Officer George Sittner will provide an update on Claims Administration.

Chief Insurance & Claims Officer George Sittner provided an overview of the Administrators work to date with Sedgwick Claims Management Services (Sedgwick, the Administrator's claims review services provider) on the implementation of the Council-approved *Wildfire Fund Claims Administration Procedures*. Phase 1, building the claims manual and procedures, and testing data and statistical methodology to review claims to ensure reasonable business judgement to reimburse claims, is complete.

Mr. Sittner stated Phase 2, delivery-on-demand of claims review services, is now going into effect as PG&E recently provided written notice to the CEA that they will be settling claims from the 2021 Dixie Fire that will exceed \$750 million. This settlement value is a trigger in the *Claims Administration Procedures* intended to put the Administrator and Sedgwick on notice that a claim is likely to be submitted imminently. PG&E has begun to submit claims settlement data to Sedgwick, and it is possible that by the end of this year or early first quarter of next year, PG&E claims settled will reach the \$1 billion threshold mark for access to the Wildfire Fund. He also stated PG&E's third quarter report raised their estimated loss from \$1.175 billion to \$1.6 billion for the 2021 Dixie Fire, which does not include fire suppression costs, and recorded a CWF receivable of \$600 million for probable recoveries.

Mr. Sittner reported on continued wildfire monitoring and reporting, noting that 2023 was a slower year in terms of wildfires with less than average acreage burned.

Discussion

Ms. Rossman asked if there are cases where PG&E will reimburse the CWF for claims.

Ms. Tatapudy stated that AB 1054 created a two-step process. First, PG&E must send the Administrator their information for all settled claims and the CEA will reimburse them for anything that meets the reasonable business judgment standard above the \$1 billion threshold that they retain. Second, PG&E must initiate a catastrophic wildfire proceeding before the California Public Utilities Commission (CPUC). As part of that proceeding, the CPUC will determine whether PG&E acted prudently, which will directly impact whether or not the CWF must be paid back for reimbursed claims.

Mr. Cash stated his understanding that the CEA needs to be informed when claim settlements reach \$750 million, but the reimbursement is for claims above \$1 billion.

Ms. Tatapudy stated that is correct.

Mr. Martinez asked if the CEA is prepared and ready to go on the CWF claims process structure and oversight.

Mr. Sittner stated it is. The processes that have been set up are strong. The template asks for detailed information which will provide rich data for statistical review.

Mr. Martinez asked, since this is the first claims review potential payoff since the inception of the CWF, if a high-level report on recent activity can be given to the legislative committees and administration entities who would be interested prior to the year-end report.

Mr. Sittner agreed and stated that the CEA would conduct some outreach along the lines of Mr. Martinez's suggestion.

Mr. Martinez asked about anticipation of exceeding the current-year budget due to the work that Sedgwick is now starting with respect to the claims reviews, such as a supplemental appropriation or additional budget for Sedgwick to continue their claims work.

Mr. Sittner stated Phase 2 has begun earlier than anticipated.

Mr. Hanzel added the current estimate is that it may exceed by \$50,000; however, that can be offset by additional consulting work that was planned for later this year that will be postponed.

Mr. Rosenstiel stated his understanding that once the \$1 billion level is reached, utility companies can begin asking for money from the CWF. A principle purpose of the CWF is to give utility companies cashflow and liquidity relief so they avoid bankruptcy.

Ms. Tatapudy stated that is correct.

Ms. Rossman stated one of the challenges will be managing expenses and encouraged carefully negotiating contracts for outsourced work.

There was no public comment.

7. Enterprise Risk Management: CEA Chief Risk & Actuarial Officer Shawna Ackerman will deliver a quarterly report on the Enterprise Risk Management program for the Wildfire Fund.

Chief Risk & Actuarial Officer Shawna Ackerman reported that there have been no changes to the Enterprise Risk Management (ERM) Risk Assessment scorecard priority risks since the last meeting. She stated CEA cyber insurance was successfully renewed at 5.5% lower than last year. During that process, it was noted that the CEA security team is excellent and continues to enhance the CEA's data security. The IT security program is going through a SOC2 Type 2 certification process to ensure that the CEA's internal controls over data and security processes are effective.

Ms. Ackerman stated investor-owned electrical corporations are required to submit three-year Wildfire Mitigation Plans (WMP) to the Office of Energy Infrastructure Safety (OEIS). All WMPs have been submitted for the 2023-25 period.

Discussion

Ms. Van Houten stated many government agencies are currently going through significant overhauls of their cyber security protocols. She asked if anything is foreseen that may be impactful in the future.

Ms. Ackerman stated she would take that question to the security team and will report back at the next meeting.

There was no public comment.

8. Informational Presentation: Forest Schafer, State Coordinator for the Governor's Wildfire and Forest Resilience Task Force, will provide an overview of the statewide efforts to align the fire mitigation activities of federal, state, local, private, and tribal organizations.

Mr. Schafer provided an overview of the background, purpose, goals, and progress on key actions of the Governor's Wildfire and Forest Resilience Task Force (Task Force). He noted there is more opportunity today for efficiency, addressing capacity challenges and limitations, and realigning strategically around what organizations are doing collectively to reduce impacts of wildfires.

Mr. Schafer discussed the alignment, capacity, and resources of the Task Force, including the Regional Resource Kits to provide seamless data across the state to help regions and partnerships align their strategies to the goals of the state, and to also adapt the goals and direction of the state to keep those regional priorities. He reviewed California's Wildfire and Forest Resilience Action Plan, a comprehensive strategy developed by the Task Force that guides its work. He stated the California Wildfire and Landscape Resilience Interagency Treatment Dashboard, which is in the beta stage, gives a picture for the first time of the mitigation happening statewide across all jurisdictions, although there is still a long way to go to get a complete picture. He shared his screen and provided a live demonstration of the Interagency Treatment Dashboard.

Mr. Schafer stated the Task Force is hosting a virtual public workshop on the California Wildfire and Landscape Resilience Interagency Treatment Dashboard on Tuesday, November 14th to gather input from those using the Treatment Tracking System and Dashboard to improve how data is accessed and displayed.

Discussion

Ms. Van Houten stated she is impressed by the monumental shift in how the state is addressing wildfires and expressed her appreciation for how strategically the state is attacking this problem.

Mr. Rosenstiel asked if other levels of government and businesses see the value of the Task Force.

Mr. Schafer stated many individuals see the value but the reason they see the value is that the Task Force is focused on demonstrating value, providing resources and tools,

and helping to align on budgets and strategies. On the other hand, many individuals do not know about the Task Force and its work. And yet, if individuals are aligning strategically, it does not matter if anyone knows of the existence of the Task Force.

Mr. Rosenstiel asked how to align individuals when they do not know that the Task Force's goals are about alignment.

Mr. Schafer stated there are great funding sources from the state, such as competitive grant programs and directed grant programs. Grant programs often work to align their requirements with the state.

Chair Ghilarducci stated the Task Force presently seems to be focused on resource agencies. There are much broader grants and activities available, such as the Federal Emergency Management Agency (FEMA) grants through the California Governor's Office of Emergency Services (Cal OES) for wildfire mitigation. He asked how these are being dovetailed into the overall success.

Mr. Schafer stated that has been a gap. In terms of alignment, the Task Force has been more heavily focused on the landscape for restoration, such as forestry projects and wildfire prevention; yet, fire adaptation in communities is intrinsically tied to the health of the landscapes. The Task Force is a part of a workgroup to think about going beyond forest restoration to thinking how that is connected to home hardening, defensible space, smoke preparedness and public health, power shutoffs, and evacuation impacts.

There was no public comment.

9. Public Comment: The Council will invite public comment on matters related to the Wildfire Fund that do not appear on this agenda, and to request that matters be placed on a future agenda.

There was no public comment.

10. Adjournment.

There being no further business, Chair Ghilarducci adjourned the meeting at 4:23 p.m.



California Catastrophe Response Council Memorandum

February 29, 2024

Agenda Item 03: Executive Report

Recommended Action: No action required – Information only

CEA Chief Executive Officer (Interim) Tom Welsh will present his Executive Report to the California Catastrophe Response Council.



California Catastrophe Response Council Memorandum

February 29, 2024

Agenda Item 04: Administrator Evaluation

Recommended Action: Appoint Council Members to Informal Evaluation Subcommittee

Mr. Welsh will ask the California Catastrophe Response Council to appoint two members to the informal Administrator Evaluation Subcommittee for the purpose of preparing the evaluation of CEA as the Wildfire Fund Administrator for 2023.



California Catastrophe Response Council Memorandum

February 29, 2024

Agenda Item 05: Financial Report

Recommended Action: No action required – information only.

CEA Chief Financial Officer Tom Hanzel will provide the California Catastrophe Response Council with a financial report on the Wildfire Fund as of December 31, 2023, and 2022.



FINANCIAL REPORT

December 31, 2023

Financial Report Table of Contents

	Page
Financial Statements	
Balance Sheets as of December 31, 2023 and 2022	1
Statements of Revenues, Expenses and Changes in Net Position for the Year Ended December 31, 2023 and 2022	2
Cost allocation methodology and calculation for the Year Ended December 31, 2023 and 2022	3
Contributions Received	
Schedule of Contributions and NBC's received by the Fund from inception through January 31, 2023	4
Investment Analysis	
Investment Analysis as of December 31, 2023 and 2022	5 - 6

Financial Statements

**California Wildfire Fund
Balance Sheets**

UNAUDITED

	December 31, 2023	December 31, 2022
Assets		
Cash and investments:		
Cash and cash equivalents	\$ 357,485,746	\$ 632,630,881
Investments	<u>11,055,244,876</u>	<u>9,478,138,463</u>
Total cash and investments	11,412,730,622	10,110,769,344
Interest receivable	66,072,913	45,716,114
Securities receivable	<u>26,875,400</u>	<u>26,972,364</u>
Total assets	\$ 11,505,678,935	\$ 10,183,457,822
Liabilities and Net Position		
Loss and loss adjustment expense reserves	\$ 600,000,000	\$ -
Securities payable	-	96,965,250
SMIF loan interest payable	-	2,260,507
Accounts payable and accrued expenses	1,496,747	1,385,136
Related party payable - CEA	<u>203,674</u>	<u>242,597</u>
Total liabilities	<u>601,700,421</u>	<u>100,853,490</u>
Net position:		
Restricted for CWF	<u>10,903,978,514</u>	<u>10,082,604,332</u>
Total net position	<u>10,903,978,514</u>	<u>10,082,604,332</u>
Total liabilities and net position	<u><u>\$ 11,505,678,935</u></u>	<u><u>\$ 10,183,457,822</u></u>

California Wildfire Fund
Statements of Revenues, Expenses and Changes in Net Position

UNAUDITED

	Year Ended December 31, 2023	Year Ended December 31, 2022
Additions to fund assets:		
Rate payer monthly NBCs	\$ 888,460,672	\$ 1,116,593,213
Utility contributions	300,000,000	300,000,000
	1,188,460,672	1,416,593,213
Investment income & expenses	210,887,685	122,470,967
Change in unrealized gain/(loss)	275,315,356	(855,943,140)
	486,203,041	(733,472,173)
Net investment income	486,203,041	(733,472,173)
Total additions to fund assets	1,674,663,713	683,121,040
Deductions to fund assets:		
Losses and loss adjustment expenses	600,000,000	-
SMIF loan principal payments	250,000,000	840,000,000
SMIF loan interest expense	1,093,878	16,348,916
General and administrative expenses	1,825,625	2,133,749
Personnel expenses	370,028	458,579
	853,289,531	858,941,244
Total deductions to fund assets	853,289,531	858,941,244
Increase/(decrease) in net position	821,374,182	(175,820,204)
Net position, beginning of year	10,082,604,332	10,258,424,536
Net position, end of period	\$ 10,903,978,514	\$ 10,082,604,332

California Wildfire Fund
 Cost Allocation Methodology and Calculation for the Year Ended December 31, 2023 and 2022
 12/31/2023

Note 1: Cost Allocation Approach

CEA's Cost Allocation Plan is based on the Direct Allocation Method. The Direct Allocation Method treats all costs as direct costs except general administration and general expenses.

Direct costs are those that can be identified specifically with a particular final cost objective. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.

The general approach of the CEA in allocating costs to the CWF is as follows:

- A. All direct costs that are incurred directly by the CWF.
- B. All other general and administrative costs (costs that benefit both Funds and cannot be identified to a specific Fund) are allocated to each Fund using a base that results in an equitable distribution. Costs that benefit more than one Fund will be allocated to each Fund based on the ratio of each Fund's salaries/benefits to the total of such salaries/benefits

Essentially, CWF cannot operate without administrative functions and these areas touch every aspect of the business and this is the justification for allocation. A continuing review of cost allocation will be a policy and more importantly, it will not be a standard and may change from time to time.

Note 2: Direct and Indirect Costs

Starting in July 2019, the CEA, acting as the interim administrator of the CWF, started tracking employees who were working directly on the CWF. These hours were tracked in a time tracking software that is on CEA's SharePoint intranet site.

The following hours were captured and the CEA applied each employees hourly rate + the predetermined burden rate to come up with the direct labor charge for the CWF for the Year Ended December 31, 2023 and 2022.

Department	Year Ended Dec'23		Year Ended Dec'22		CWF Salary & Benefit costs =	Dec'23	Dec'22
	Hours	Salaries & Benefits	Hours	Salaries & Benefits		CEA Salary & Benefit costs =	
1. Comms	145.8	13,364	226.8	24,250		338,583 A	412,080
2. Exec	162.5	45,224	256.8	61,436		24,534,606 B	25,945,766
3. Finance	991.8	124,162	1,395.8	142,216		24,873,189 C	26,357,846
4. IT	3.0	323	51.0	5,101			
5. Internal Ops	-	-	9.0	1,597			
6. Insurance Ops	254.0	51,960	341.2	67,071			
7. Legal	886.7	103,550	1,014.2	110,409			
Total Direct Hours/Costs	2,443.8	338,583	3,294.7	412,080	Allocation % =	1.36% = A/C	1.56%

All other indirect costs were allocated to the CWF based on the 1.36% and 1.56% allocations noted above. The following indirect expenses were charged to the CWF:

Account Name	Acct #	Amount	Amount
Rent-Office and Parking	86400-16	17,331	19,448
Rent-Office Equip/Furniture	86450-16	294	725
Building Maintenance and Repairs	86475-16	51	381
Furniture/Equipment <\$5000	86500-16	55	72
EDP Hardware <5000	86505-16	7,532	4,100
EDP Software <5000	86506-16	40,670	49,291
Office Supplies	86510-16	389	223
Postage	86530-16	9	-
HR and IT staff allocation	85101-16	29,142	39,962
GASB 68 Pension Expense	85141-16	2,303	6,537
Telecommunications	86550-16	5,067	3,397
Insurance Expense	86600-16	10,162	10,767
Other Administration Services	88175-16	922	1,235
Direct Investment Technology Support	89805-16	427,872	398,905
Total Indirect Costs		541,799	535,043
Total Costs		880,382	947,123

Contributions & NBCs Received

**California Wildfire Fund
Contributions & NBCs Received
As of January 31, 2023**

Description	Date Received	Amount
1. SMIF Loan Proceeds	8/15/2019	\$ 2,000,000,000
2. SDG&E initial capital contribution	9/9/2019	322,500,000
3. SoCal Edison initial capital contribution	9/9/2019	2,362,500,000
4. SDG&E 2019 annual contribution	12/19/2019	12,900,000
5. SoCal Edison 2019 annual contribution	12/27/2019	94,500,000
6. PG&E initial capital contribution	7/1/2020	4,815,000,000
7. PG&E 2019 annual contribution	7/1/2020	192,600,000
8. IOUs 2020 annual contributions	December-20	300,000,000
9. IOUs 2021 annual contributions	December-21	300,000,000
10. IOUs 2022 annual contributions	December-22	300,000,000
11. IOUs 2023 annual contributions	December-23	<u>300,000,000</u>
	Total Contributions	11,000,000,000
1. 2021 NBC funds received	12-months of 2021	875,076,565
2. 2022 NBC funds received	12-months of 2022	1,116,593,213 *
3. 2023 NBC funds received	12-months of 2023	888,460,672 **
4. January 2024 NBC funds	Jan'24 weekly ACHs	<u>80,814,233</u>
	Total NBCs	2,960,944,683
	Total Funds Received	<u><u>\$ 13,960,944,683</u></u>

* _ NBC funds received by CWF in 2022 are net of DWR administrative and operating expenses of \$5.1mm. The \$5.1mm is made up of \$3.9mm of DWR A&O expenses paid from Dec'21 through Nov'22 and \$1.2mm of funds retained in the DWR Charge Fund to pay future A&O expenses.

** _ NBC funds received by CWF in 2023 are net of DWR administrative and operating expenses of \$6.5mm. The \$6.5mm is made up of \$4.2mm of DWR A&O expenses paid from Dec'22 through Nov'23 and \$2.3mm of funds retained in the DWR Charge Fund to pay future A&O expenses.

Investment Analysis

California Wildfire Fund
CWF Portfolio Overview
12/31/2023

December 31, 2023

The CWF's total portfolio market value for December 2023 was \$11.41 billion with an average duration of 3.47 years and average credit ratings of "AA".

CWF Investment Portfolio as of December 31, 2023				
Sector	Value (\$MM)	% of Portfolio	Avg Credit Rating	Duration (Yrs)
U.S. Treasury	\$ 6,079	53.3%	AA+	3.18
U.S. Agency & Supranational	1,182	10.4%	AA+	3.09
Corporates	3,819	33.5%	A+	4.38
U.S. TSY MMF	333	2.8%	AAA	0.00
Total	\$ 11,413	100.0%	AA	3.47

December 31, 2022

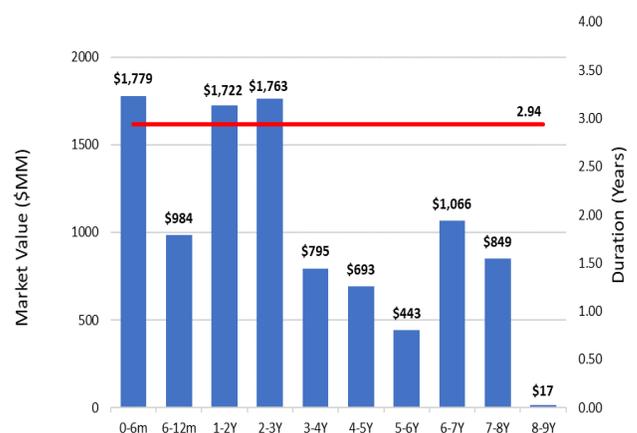
The CWF's total portfolio market value for December 2022 was \$10.11 billion with an average duration of 2.94 years and average credit ratings of "AA".

CWF Investment Portfolio as of December 31, 2022				
Sector	Value (\$MM)	% of Portfolio	Avg Credit Rating	Duration (Yrs)
U.S. Treasury	\$ 5,766	57.0%	AAA	2.09
U.S. Agency & Supranational	1,063	10.5%	AAA	3.09
Corporates	3,098	30.6%	A+	4.57
U.S. TSY MMF	184	1.9%	AAA	0.00
Total	\$ 10,111	100.0%	AA	2.94

CWF Maturity Distribution: December 31, 2023



CWF Maturity Distribution: December 31, 2022



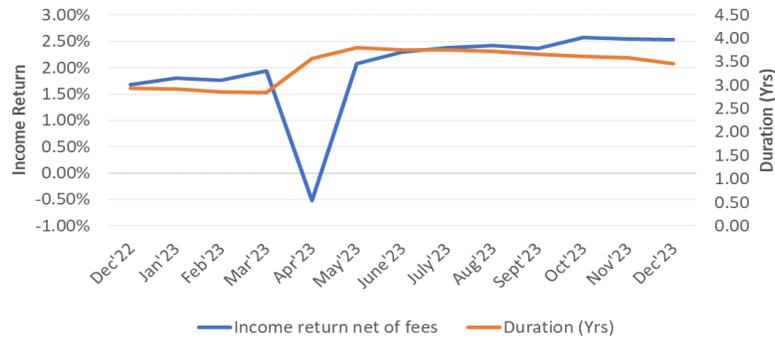
**California Wildfire Fund
CWF Portfolio 12-Month History
12/31/2023**

CWF Investment Portfolio Overview

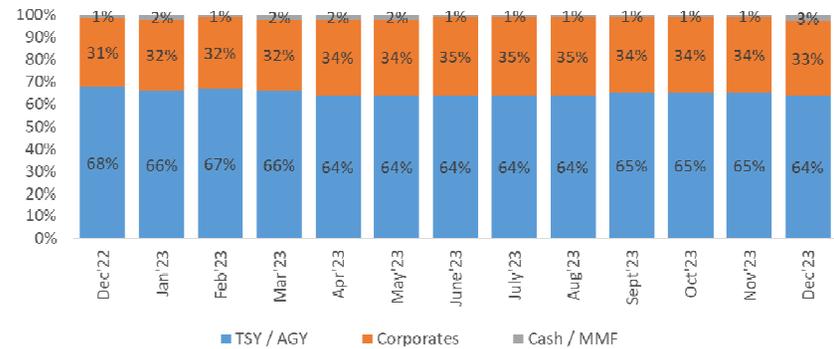
	Dec'22	Jan'23	Feb'23	Mar'23	Apr'23	May'23	June'23	July'23	Aug'23	Sept'23	Oct'23	Nov'23	Dec'23
Total Portfolio													
Market Value - Cash & Investments (\$MM)	\$10,111	\$10,204	\$10,022	\$10,292	\$10,299	\$10,363	\$10,362	\$10,426	\$10,578	10,444	10,532	10,864	11,413
Investment income (\$MM) *	14.16	15.55	15.23	16.78	(4.14)	18.10	20.01	20.95	21.57	21.02	22.83	23.09	23.82
Change in unrealized gain/(loss) (\$MM)	(29.26)	137.94	(144.51)	169.85	57.89	(88.63)	(72.89)	(1.71)	(26.84)	(143.16)	(79.4)	257.0	209.8
Investment management fees and bank fees (\$MM)	0.34	0.34	0.33	0.32	0.32	0.32	0.32	0.32	0.32	0.33	0.33	0.34	0.36
fees as a % of average AUM	0.0034%	0.0033%	0.0033%	0.0032%	0.0031%	0.0031%	0.0031%	0.0031%	0.0031%	0.0031%	0.0032%	0.0032%	0.0032%
Income return gross of fees	1.72%	1.84%	1.81%	1.98%	-0.48%	2.11%	2.33%	2.42%	2.47%	2.40%	2.62%	2.59%	2.57%
Income return net of fees	1.68%	1.80%	1.77%	1.94%	-0.52%	2.07%	2.29%	2.38%	2.43%	2.36%	2.58%	2.55%	2.53%
Yield to Maturity	4.48%	4.27%	4.79%	4.30%	4.11%	4.49%	4.72%	4.77%	4.89%	5.14%	5.34%	4.86%	4.31%
Duration (Yrs)	2.94	2.91	2.87	2.84	3.57	3.81	3.76	3.76	3.72	3.67	3.62	3.59	3.47
Portfolio Composition (%)													
TSY / AGY	68%	66%	67%	66%	64%	64%	64%	64%	64%	65%	65%	65%	64%
Corporates	31%	32%	32%	32%	34%	34%	35%	35%	35%	34%	34%	34%	33%
Cash / MMF	1%	2%	1%	2%	2%	2%	1%	1%	1%	1%	1%	1%	3%

* - Investment income does not include bank and investment manager fees. The amount includes the following: (1) interest income and interest purchased (2) Accretion - discount (3) Amortization - premium (4) Realized gain/(loss)

Income Return and Duration



Sector Composition





California Catastrophe Response Council Memorandum

February 29, 2024

Agenda Item 06: 2024 CWF Proposed Budget

Recommended Action: Approve the Proposed CWF 2024 Budget and Direct Staff to Operate CWF Business Operations within the Total Approved Budget Amounts

Background:

Since inception, CEA has been able to utilize its existing resources to undertake and perform all its Administrator responsibilities and has avoided adding permanent staffing. This is the fourth submission of an annual CWF budget presented to the California Catastrophe Response Council (“CCRC”) for approval. The staff of the CEA will perform the following procedures on the final CCRC approved budget for fiscal year 2024¹:

- After each month-end close, the staff of the CEA will compare actual additions and deductions to budgeted additions and deductions, document variances and send the comparisons to the Controller and CFO for approval.
- In mid-August 2024, the finance budget team will update the consolidated budget projections with the most recent data provided from the departments’ monthly projection schedules. After the mid-year budget revision is approved by the CFO, the finance budget team will prepare the mid-year budget revision CCRC memo and supporting documents. All budget augmentations (increases) must be approved by the CCRC. If the mid-year budget revision does not increase the total budget, the budget revision will be presented to the CCRC without a request for approval.
- At each CCRC meeting, the staff of the CEA will present the budget to actual comparisons for each of the line items included in the CCRC approved budget.

¹ The CWF fiscal year is the calendar year.



Analysis:

Staff have prepared Attachment A to assist the CCRC in comparing and analyzing the proposed 2024 budget for the Wildfire Fund. This attachment shows the following:

- Proposed 2024 CWF Budget
- Actual activity for CWF for the Year Ended 2023
- Difference between the 2024 CWF proposed budget to the actual activity for the year ended December 31, 2023
- 2023 CCRC approved budget

Attachment B compares the annual DWR Charge Fund Administrative & Operating Costs from inception through 2023, and the budgeted 2024 costs.

Recommendation:

Staff recommends the following CCRC actions:

- Approve the proposed 2024 CWF budget; and
- Direct staff to operate CWF business operations within the total approved budget amounts.

California Wildfire Fund
2024 Proposed Budget vs 2023 Actual Activity

	A	B	A - B	
	Proposed 2024 Budget	Actual Activity for the Year Ended December 31, 2023	Difference	Approved 2023 Budget
Additions to fund assets:				
Rate payer monthly NBCs, gross	\$ 890,803,750	\$ 892,625,073	\$ (1,821,323)	\$ 875,069,919
Utility annual contributions	300,000,000	300,000,000	-	300,000,000
Investment income (net of expenses)	299,161,518	210,887,685	88,273,833	213,439,076
Total additions to fund assets	\$ 1,489,965,268	\$ 1,403,512,758	\$ 86,452,510	\$ 1,388,508,995
Deductions to fund assets:				
SMIF - principal payment	\$ -	\$ 250,000,000	\$ (250,000,000)	\$ 250,000,000
SMIF - loan interest	-	1,093,878	(1,093,878)	1,093,877
Wildfire paid claims	350,000,000 *	-	350,000,000	-
DWR administrative and operating costs	5,370,745	4,164,401	1,206,344	5,240,881
<i>Personnel expenses:</i>				
Personnel expenses - allocated from CEA	469,600	370,028	99,572	660,000
<i>General and administrative expenses:</i>				
Other contracted services	2,493,275	780,383	1,712,892	738,433
Direct legal services-general	150,000	1,817	148,183	150,000
Financial services consulting	303,258	288,368	14,890	285,402
Bank fees	274,610	237,748	36,862	243,546
G&A expenses - allocated from CEA	602,381	510,354	92,027	523,400
Travel	16,320	-	16,320	19,110
Software and licenses	900	708	192	1,200
Direct IT services	1,000	-	1,000	1,200
Audit Fees	4,000	4,000	-	4,000
Printing & stationary	500	412	88	600
Governing board meeting expenses	2,100	1,835	265	1,800
<i>Total general and administrative expenses</i>	<i>3,848,344</i>	<i>1,825,625</i>	<i>2,022,719</i>	<i>1,968,691</i>
Total deductions to fund assets	\$ 9,688,689	\$ 257,453,932	\$ 102,234,757	\$ 258,963,449
<i>Change in unrealized gain/(loss)</i>	<i>- **</i>	<i>275,315,356</i>	<i>(275,315,356)</i>	<i>- **</i>
Increase/(decrease) in net position	\$ 1,480,276,579	\$ 1,421,374,182	\$ (291,097,603)	\$ 1,129,545,546

* _ Based on PG&E reporting, CEA reserved a total balance of \$600mm related to the Dixie Fire in 2023, however CEA anticipates only paying \$350mm in claims during fiscal year 2024.

** - The change in unrealized gain/(loss) is not budgeted for CWF

**California Wildfire Fund
DWR Charge Fund Administrative & Operating Costs**

	2024 Budget Dec'24	% Change	YTD Actual Dec'23	% Change	YTD Actual Dec'22	% Change	YTD Actual Dec'21	% Change	YTD Actual Dec'20
1. * Labor	3,743,001	22.5%	3,055,733	-1.3%	3,095,285	13.4%	2,728,385	73.6%	1,571,936
2. OE&E (operating expenses & equipment)	120,494	-0.7%	121,393	49.6%	81,132	-66.0%	238,478	-1.5%	242,225
3. Pro-Rata	222,687	-23.0%	289,193	-17.3%	349,894	83.3%	190,857	NM	-
4. Financial Auditor	72,150	35.2%	53,353	-18.2%	65,250	-7.4%	70,450	NM	-
5. Bond Counsel	24,586	NM	-	NM	-	-100.0%	198,871	-19.1%	245,707
6. Disclosure Counsel	12,827	NM	-	NM	-	-100.0%	178,624	NM	0
7. ** Municipal Advisor	500,000	91.2%	261,527	-2.8%	269,195	-56.7%	622,010	-10.0%	690,863
8. Rating Agencies	-	NM	-	NM	-	-100.0%	140,000	NM	-
9. Attorney General's Office (AGO)	-	NM	-	-100.0%	110	100.0%	55	-99.7%	17,888
10. State Treasurer's Office (STO)	-	-100.0%	900	NM	-	-100.0%	7,166	NM	-
11. State Controller's Office (SCO)	-	NM	-	NM	-	-100.0%	10	-77.8%	45
12. *** IOU's Costs	<u>675,000</u>	<u>76.6%</u>	<u>382,302</u>	<u>22641.9%</u>	<u>1,681</u>	<u>-99.7%</u>	<u>651,816</u>	<u>-3.0%</u>	<u>672,000</u>
	5,370,745	29.0%	4,164,401	7.8%	3,862,547	-23.2%	5,026,722	46.1%	3,440,664

Note 1: The DWR Charge Fund began incurring expenses in January 2020 related to the administration and operation of the nonbypassable charges.

* Labor expense includes DWR overhead in addition to California Energy Bond Office (CEBO) employees' salaries and benefits. DWR overhead also includes a share of staff labor from DWR's Human Resources, Technology Services, Fiscal Services, Business Services, General Counsel, and Executive Management, as well as various other DWR operating and facilities costs. The DWR Charge Fund's 2023 budgeted labor was \$3.5mm, the 2024 budgeted labor is \$3.7mm. That is a \$200K increase, largely due to inflation. The 2024 projected labor amount also includes amounts for vacant positions. Currently, DWR does not plan to fill all the program's vacant positions. In 2023, DWR Charge Fund's actual labor came in less than projected, DWR expects the same to happen in 2024. The DWR Charge Fund's budget is approved annually by the Department of Finance, Legislature and Governor on a fiscal year basis.

** Municipal Advisor expenses vary year-to-year depending on regulatory activities with the CPUC, IOUs, and activities associated with possible debt issuance of the DWR Charge Fund. In 2023 the Municipal Advisor budgeted amount was \$600K and the 2024 Municipal Advisor budget amount is \$500K, this is a \$100K decrease. The DWR Charge Fund does not expect to spend the full \$500K in 2024.

*** The CPUC approved Servicing Orders in 2020 authorizing the IOUs to be reimbursed from the DWR Charge Fund for billing system costs of the nonbypassable charges.



California Catastrophe Response Council Memorandum

February 29, 2024

Agenda Item 07: Claims Administration Update

Recommended Action: No action required – Information only.

Background

The California Catastrophe Response Council (Council) adopted amendments to the *Wildfire Fund Claims Administration Procedures (Procedures)* on May 4, 2023. It also authorized the Administrator to make periodic non-discretionary, conforming changes to the *Procedures* as necessary to ensure that the *Procedures* conform to any statutory amendments that may be enacted in the future. The Administrator entered into an agreement with Sedgwick Claims Management Services, Inc. (Sedgwick) effective as of January 24, 2022, to provide claims review services for the Wildfire Fund.

These actions are in keeping with Public Utilities Code section 3284(g), which requires that the Administrator prepare and seek Council approval for written procedures for the review, approval, and timely funding of eligible claims. The Council's adoption of the *Procedures* is also in keeping with the Articles of Governance, in which the Administrator is authorized to operate the Wildfire Fund within the framework established by law and in accordance with the *Procedures* approved by the Council.

Wildfire Monitoring and Notification

The Administrator continues to monitor and report to the Council on active wildfires as well as the status of potentially Covered Wildfires in the 2019 through 2023 coverage years. In particular, the Administrator is tracking the reported losses for four major fires—the October 2019 Kincade Fire, September 2020 Zogg Fire, July 2021 Dixie Fire, and September 2022 Mosquito Fire. PG&E's 10-Q report to the SEC for the quarterly period ending September 30, 2023 reports aggregate liabilities of \$1.025 billion, \$400 million, \$1.6 billion and \$100 million for the 2019 Kincade Fire, 2020 Zogg Fire, 2021 Dixie Fire and 2022 Mosquito Fire, respectively. Of these, PG&E has recorded a potential recovery of \$600 million from the Fund for the 2021 Dixie Fire. PG&E's fourth quarter 2023 report with updated estimates is not yet available.



Although Participating Utilities are eligible to make claims against the Fund for wildfire-related losses exceeding \$1 billion in any coverage year, PG&E reported that it has not recorded a potential recovery from the Fund for the 2019 Kincade Fire. It also noted that the 2019 Kincade Fire is subject to a 40% limitation on the allowed amount of claims arising before emergence from bankruptcy.

2021 Dixie Fire: Activation of Phase 2, “Claims Review Mode”

At the November 2, 2023 Council Meeting, the Administrator reported that on September 15, 2023, the Administrator received written notice from PG&E, as required by the *Procedures*, that PG&E anticipates that claim settlements will exceed a total of more than \$750,000,000 in the aggregate for third-party claims resulting from the 2021 Dixie Fire. PG&E submitted initial claims data in connection with the 2021 Dixie Fire to Sedgwick on October 10, 2023. In accordance with the *Procedures*, the Administrator authorized Sedgwick to commence its review of those claims under Phase 2 of Sedgwick’s contract, which is “Claims Review” mode.

Dixie Fire Threshold and Eligible Claims Administration Process

PG&E continues to provide Sedgwick claims documentation through a detailed claims data template and a secure data portal for subrogation claims, the Direct Payment for Community Recovery process, public entities, timber companies, and individuals. Sedgwick continues to test and review claims documentation provided by PG&E to determine if claims have been settled using reasonable business judgement.

PG&E continues to settle outstanding claims but has not yet reached the “Threshold Claim” amount, which is \$1 billion or more, in the aggregate for a coverage year. The steps below are being followed as dictated by the *Procedures*, where Sedgwick is reviewing claims data and documentation as provided by PG&E. Sedgwick will continue this process throughout the Threshold and Eligible claim review process as PG&E continues to settle claims.



Next Steps

Staff from CEA will report on the status of work by the claims review services provider, wildfire monitoring, and the execution of other elements of the *Procedures* during this Council meeting.



California Catastrophe Response Council Memorandum

February 29, 2024

Agenda Item 08: Enterprise Risk Management Program

Recommended Action: No action required – Information only

Risk Reporting

The 1st quarter 2024 scorecard is presented below and provides the status of each priority risk. The column named Residual Risk Score indicates the current risk status after controls have been applied.

Risk Name	Description	Inherent Risk Score	Control Effectiveness	Residual Risk Score
Wildfire Modeling	Distorted or incorrect view of Wildfire Fund durability due to invalid, inaccurate, or outdated methods or assumptions in external or internal wildfire models	○ High	○ Strong	○ Medium
Workforce	Adverse impacts to the administration of the Wildfire Fund that occur due to a workforce issue or constraint at CEA	○ Medium	○ Strong	● Low
Mitigation	Durability of the Wildfire Fund is dependent on successful mitigation	○ Medium	○ Medium	○ Medium

Risk Name	Description	Inherent Risk Score	Control Effectiveness	Residual Risk Score
	activities which are outside the direct control of CEA as the Wildfire Fund Administrator but that must be monitored			
Risk Transfer	Reasonably priced risk transfer products for wildfire cover are not available when needed	● Medium	● Strong	● Low
Reputation	Public’s loss of confidence in CEA as Administrator of the Wildfire Fund or loss of confidence in the ability of the Wildfire Fund to meet its objectives	● Medium	● Strong	● Low
Legislative/ Regulatory	Legislative, regulatory, or political actions that materially change the Wildfire Fund Administrator and/or Council’s ability to fulfill its current obligations or mission	● Medium	● Strong	● Low
Legal	Harm to the Wildfire Fund resulting from (a) disputes with third parties, (b) regulatory/legislative	● Medium	● Strong	● Low

Risk Name	Description	Inherent Risk Score	Control Effectiveness	Residual Risk Score
	enforcement actions, and/or (c) compliance lapses			
Investments	Losses to the Wildfire Fund due to failure to adhere to established investment guidelines and/or performance objectives not achieved	● Medium	● Strong	● Low
Information Security	Losses due to unauthorized access, use, disclosure, disruption, modification, inspection, recording or destruction of information and/or accessibility of IT systems	● Medium	● Strong	● Low
Financial Reporting	Inaccurate financial accounting or reporting or inadequate controls that result in a material error in published financial statements	● Medium	● Strong	● Low
Claims Management	Issues, conflicts, or delays arising from or associated with IOU claims management	● Medium	● Medium	● Medium



Risk Name	Description	Inherent Risk Score	Control Effectiveness	Residual Risk Score
Business Continuity	Loss of business systems causing limited or delayed continuity of the California Wildfire Fund essential business functions	○ Medium	○ Medium	○ Medium

Information Security

Corvus, one of our cyber insurance carriers has noted in their quarterly report the cyber threat landscape was down in Q4 2023, however it was still a 69.52% increase year-over-year, and 2023 was a record-breaking year overall.

In November 2023, CEA was notified by a third-party vendor that it was the victim of a ransomware attack that resulted in the loss of control over a significant amount of its customer data, including some CEA data. CEA activated its cybersecurity response and commenced a prompt and thorough investigation to determine whether the incident resulted in the actual release of privacy protected customer data. The investigation results indicate that no consumer personally identifiable information (i.e., PII) was accessed. While no CWF-related data was involved in the breach, the incident and quick response by CEA staff in collaboration with our cyber insurer increases our confidence that we have strong controls in place.

Mitigation

Investor-owned electrical corporations are required to submit Wildfire Mitigation Plans (WMP) assessing their level of wildfire risk and providing plans for wildfire risk reduction. In March 2023 each of the IOU participants submitted their three-year 2023-2025 WMPs to the Office of Energy Infrastructure Safety (OEIS.)

The Office of Energy Infrastructure Safety released its evaluation and approval of Pacific Gas and Electric’s (PG&E) 2023-2025 Wildfire Mitigation Plan on December 29, 2023.



The Decision next moves to the California Public Utilities Commission (CPUC) for ratification¹

Additionally, each of the IOUs have received safety certifications as follows:

San Diego, Gas & Electric, issued December 7, 2023²

Southern California Edison, issued December 7, 2023³

Pacific Gas & Electric, issued January 22, 2024⁴

With a safety certification in effect for the period in which a covered wildfire ignited, the IOU is presumed to have acted reasonably unless demonstrated otherwise (Pub. Util. Code § 451.1(c)). A safety certification also may limit the amount the electrical corporation will be required to repay the Fund if it is found to have acted unreasonably (Pub. Util. Code § 3292(h)). Safety certifications remain in effect for 12 months.

Risk and Compliance Committee

The Risk and Compliance Committee (RCC) continues to build a culture of compliance and sends out quarterly reminders to business unit managers to ensure that all personnel are reading and complying with mandatory policies. Additionally Form 700 training has been scheduled for all filers. In Q1 of 2024, the RCC will build a new policy and training for staff on the use of Generative AI tools like ChatGPT in performing CEA work. This work follows the Information Security Team’s presentation and mandatory training in December covering current issues associated with using large language models.

¹ A copy of the complete evaluation is available at [Energy Safety Approves PG&E's 2023-2025 Wildfire Mitigation Plan](#) (last checked 1/29/2024)

² [TN13445 20231207T132628 Issuance of San Diego Gas Electric Safety Certification.pdf](#) (last checked 1/29/24)

³ [TN13446 20231207T132758 Issuance of Southern California Edison Safety Certification.pdf](#) (last checked 1/29/24)

⁴ [TN13587 20240122T140814 Issuance of Pacific Gas and Electric Safety Certification.pdf](#) (last checked 1/29/24)