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January 27, 2022

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Date of Notice: January 14, 2022

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 **teleconference meeting**. 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.

Pursuant to Assembly Bill 361, enacted September 16, 2021, which amended certain provisions of the Bagley-Keene Open Meeting Act through and until January 31, 2022, the Council is authorized to use teleconferencing to conduct its public meetings to preserve public health and safety. This meeting will be conducted by teleconference only. None of the locations from which the Council members will participate will be open to the public. All members of the public shall have the right to observe the meeting and offer comment at this public meeting as described in this Notice.

DATE: January 27, 2022

TIME: 2:00 p.m.

TELECONFERENCE ACCESS: *

Online Access: <https://us02web.zoom.us/j/84086959037>

Dial-in Number: +1 (669) 900-6833

Enter Access code: 840 8695 9037 #

Public Participation: The telephone lines and Zoom links of members of the public who dial into the meeting to observe or comment 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 to allow members of the public to comment. Please see additional instructions below regarding Public Participation Procedures.

* Neither the Council nor the California Earthquake Authority, as Administrator of the Wildfire Fund, are responsible for technical difficulties that may occur with the Zoom platform or audio feed.

PUBLIC PARTICIPATION PROCEDURES: All members of the public shall have the right to observe the meeting and offer comment at this public meeting. 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. **At that point, any member of the public wishing to comment must press *9 on their phone or use the “Raise Hand” button on Zoom.** Either of these actions 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 during the meeting will be deemed to indicate your consent to the recording and all future use and distribution of the recording.

In addition, members of the public may submit comments in writing by emailing comments to PublicComment@calwildfire.com.

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@calwildfire.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@calwildfire.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 website of the California Wildfire Fund (Wildfire Fund), at the following link:

<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 the Fund’s 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	Paul Rosenstiel, Public Member appointed by the Governor
Treasurer	
Insurance Commissioner	Rhoda Rossman, Public Member appointed by the Governor
Secretary for Natural Resources	
Rich Gordon, Appointee of the Speaker of the Assembly	Catherine Barna, Public Member appointed by the Governor
Michael Wara, Appointee of the Senate Rules Committee	

Establishment of a quorum

2. Minutes: Review and approve the minutes of the October 28, 2021, meeting of the Council.
3. Executive Report: CEA Chief Executive Officer Glenn Pomeroy will provide the Council with an executive report.
4. Financial Report: CEA Chief Financial Officer Tom Hanzel will provide the Council with a financial report on the Wildfire Fund as of November 30, 2021.
5. California Wildfire Fund 2022 Budget: Mr. Hanzel will seek approval of the proposed 2022 California Wildfire Fund Budget.
6. Administrator Evaluation: Mr. Pomeroy will ask the Council to appoint two members to the informal Administrator Evaluation Committee for the purpose of preparing the evaluation of CEA as the Wildfire Fund Administrator for 2021.
7. Fund Administration Update: CEA General Counsel Tom Welsh will provide an update on two matters related to the administration of the Wildfire Fund: (a) the Memorandum Coverage to be delivered to the three participating investor-owned utility companies (IOUs), and (b) the Administrator's framework for periodically reviewing and making recommendations to each IOU on its wildfire insurance coverage, pursuant to Public Utilities Code section 3293.
8. Claims Administration: CEA Chief Catastrophe Response & Resiliency Officer Dr. Laurie Johnson will provide an update on the implementation of the Claims Administration Procedures for the Wildfire Fund.
9. ERM Framework: CEA Chief Risk & Actuarial Officer Shawna Ackerman will provide an update on the development of the Enterprise Risk Management program for the California Wildfire Fund.
10. Public comment: Public Comment opportunity on matters that do not appear on this agenda and requests by the public that matters be placed on a future agenda.
11. Adjournment.

For further information about this notice or its contents:

Agenda Information:

Tom Welsh
General Counsel
(916) 661-5527 (Direct)
Toll free: (877) 797-4300
twelsh@calwildfire.com

General Meeting Information:

Susan Johnson
Governance Liaison
(916) 661-5586 (Direct)
Toll free: (877) 797-4300
sjohnson@calwildfire.com

Media Contact:

(279) 203-5998
media@calquake.com

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

January 27, 2022

Agenda Item 2: Meeting Minutes

Recommended Action: Approve Minutes of October 28, 2021 Meeting

Attached is a draft of the minutes of the October 28, 2021, 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 October 28, 2021 meeting of the Council.

DRAFT
California Catastrophe Response Council
Meeting Minutes

Teleconference Meeting
Thursday, October 28, 2021
2:00 p.m.

Members of Council in Attendance:

Mark Ghilarducci, Chair, designee of Governor Gavin Newsom
Richard Gordon, Vice-Chair, appointee of the Speaker of the Assembly
Michael Martinez, designee of Insurance Commissioner Ricardo Lara
Kasey O'Connor, designee of State Treasurer Fiona Ma
Bryan Cash, designee of Secretary of Natural Resources Wade Crowfoot
Michael Wara, appointee of the Senate Committee on Rules
Rhoda Rossman, Public Member
Catherine Barna, Public Member
Paul Rosenstiel, Public Member

Members of CEA Staff in Attendance:

Glenn Pomeroy, Chief Executive Officer
Shawna Ackerman, Chief Risk & Actuarial Officer
Dr. Laurie Johnson, CEA's Chief Catastrophe Response & Resiliency Officer
Tom Hanzel, Chief Financial Officer
Suman Tatapudy, Senior Counsel
Tom Welsh, General Counsel
Susan Johnson, Governance Liaison

1. Quorum: Call to Order and Member Roll Call

Chairman Ghilarducci called the meeting to order at 2:00 p.m.

Ms. Johnson called the roll and stated that a quorum was present with all members in attendance.

2. MINUTES: Review and approve minutes of the July 22, 2021 meeting of the Council.

MOTION: Mr. Wara motioned to approve the July 22, 2021 meeting minutes as written. Vice-Chair Gordon seconded. The Motion carried unanimously by roll call vote.

3. EXECUTIVE REPORT: CEA CEO Glenn Pomeroy will provide the Council with an executive report.

Mr. Pomeroy provided a brief report on the status of the administration of the Wildfire Fund. He noted that as the Wildfire Fund enters its third year in existence, all key aspects of the administration of the Fund are in place and stable. He noted particularly investment management, the monitoring of wildfires that could give rise to claims against the Fund, the development of claims administration procedures, the ongoing analysis of the Fund's projected durability, and the monitoring of legislative developments that could impact the Fund.

In the near term, Mr. Pomeroy told Council members that the CEA team will continue to deepen its knowledge of wildfire mitigation and safety enhancements by the participating investor-owned utility companies (IOUs).

Questions and Discussion

Council member Rossman asked Mr. Pomeroy whether the CEA anticipates if any of the recent major wildfires will result in claims against the Wildfire Fund. Mr. Pomeroy replied that it is too early to tell because the government has not yet finally determined the cause of this season's fires, but he noted that the CEA is ready to administer claims as they are submitted by the IOUs.

4. Proposed 2022 Council Meeting Dates: Mr. Pomeroy will seek approval of the proposed 2022 Council meeting dates.

MOTION: Ms. Barna motioned to accept the proposed 2022 Council meeting dates as noted in the meeting materials. Ms. Rossman seconded. The Motion carried unanimously on a roll call vote.

5. Financial Report: CEA Chief Financial Officer Tom Hanzel will provide the Council with a financial report on the Wildfire Fund as of August 31, 2021.

Mr. Hanzel compared the Wildfire Fund balance sheets as of August 31, 2021 with those of August 31, 2020 and reported total assets are up just shy of 1%. He stated that investment income during the first 8 months of fiscal year 2021 stands at \$64 million compared to \$48 million for the first 8 months of fiscal year 2020. The fund has received approximately \$10.8 billion in funds:

- \$2.0 billion loan from the treasurer's Surplus Money Investment Fund (SMIF)
- \$8.1 billion in IOU contributions
- \$692 million in Wildfire Non-Bypassable Charges.

Investment income and additions to fund assets were offset by administrative expenses, changes in unrealized losses in the investment portfolio and repayment of \$586 million (principal & interest) of the SMIF loan. This resulted in the fund's assets being basically

flat year-over-year. As of August 31, 2021, the Wildfire Fund's portfolio stands at approximately \$10.0 billion.

Mr. Hanzel also updated the Council on an RFP for an integrated investment accounting and compliance solution to manage the CEA and Wildfire Fund portfolios, which have a combined asset value in excess of \$17 billion. Currently, there are two software packages in use- one for investment accounting and the other for investment compliance and analytics. Staff is looking for an appropriate integrated software package.

Mr. Hanzel said he hopes to have a selection recommendation for the CEA Governing Board at its December 2021 meeting, noting that CEA is seeking a system solution that provides access to high-quality technology, seamless delivery of services, and strong client service and support.

Questions and Discussion

Mr. Rosenstiel asked if at future Council meetings Mr. Hanzel could provide in his report to the Council how much the Wildfire Fund pays in investment expenses. Mr. Hanzel replied that he would be happy to supply those numbers, adding the average fee paid is just shy of four basis points.

6. Claims Administration: Dr. Laurie Johnson, CEA Chief Catastrophe Response & Resiliency Officer, will provide an update on the implementation of the Claims Administration Procedures for the Wildfire Fund.

Dr. Johnson reported that a Claims Review Services provider has been selected. Four proposals were received in response to the RFP. The seven-member review panel evaluated three finalists on submission requirements and references, work plan, pricing, and diverse staffing/diversity designations and certifications. The targeted effective date for contracting with the selected firm is January 3, 2022. Under the proposed agreement, the provider will assist the Wildfire Fund Administrator in implementing the Council's previously approved Claims Administration Procedures.

Dr. Johnson noted that the Council's prior approval of the Claims Administration Procedures included authorization for the CEA to make periodic non-discretionary changes required to ensure that the Claims Administration Procedures conform to statutory changes by the Legislature. She noted Assembly Bill 242 (Holden), signed into law by the Governor in September 2021, made a variety of clean-up amendments to AB 1054, and also amended Public Utilities Code section 1701.8, changing the definition of "covered wildfire" from being determined solely by a governmental agency to include judicial causation determination, adding that the Claims Administration Procedures have been amended to conform to that statutory change. She offered to put these conforming amendments to the Claims Administration Procedures on the agenda for the next Council meeting upon the request of any Council member. No such requests were made at the meeting, so the conforming amendments will be treated as final.

Dr. Johnson then provided updates on wildfire monitoring and notification protocols, templates and tools for monitoring active wildfires and reporting of wildfire liability losses by the Participating Utilities. She explained the mapping tools showing active fire incidents, showed wildfire safety updates available to the public from two of the utilities via Electric Incident Reports on their websites, and gave information on active wildfires using remote sensing data for thermal detection of potentially active wildfires, and seven-day forecasting of fire potential.

In addition, CEA is working with the California Governor's Office of Emergency Services (Cal OES) and the California Department of Forestry and Fire Protection (CAL FIRE) in many of these areas. CalFire is doing detailed damage assessments in real-time which is particularly useful for people who have been evacuated so that they can get information remotely. CEA has been working with CAL FIRE to download this data into its system.

For the quarterly claims report, there were no formal notifications from any Participating Utility that they would be making submissions to the Fund. The Administrator is monitoring the following wildfires for their potential to generate claims against the Fund:

- Kincade Fire, 2019: PG&E estimates over \$800 million in losses
- Zogg Fire, 2020: PG&E estimates \$375 million in losses
- Dixie Fire, 2021: No estimate of losses yet.

Questions and Discussion

Chairman Ghilarducci applauded Dr. Johnson and her team for integrating the information and technology in real time.

Mr. Wara asked about the accounting standard for PG&E's quarterly estimates. Should the number be taken as the minimum cost of the fire as PG&E currently knows it? Dr. Johnson stated that the CEA relies on PG&E's public reporting of estimated fire losses.

7. PUC Section 3287 Statutory Report: CEA Senior Counsel Suman Tatapudy will provide a draft and an update on the logistics for submitting the Council's Annual Statutory Report with the Legislature and the Department of Finance under Public Utilities Code Section 3287.

Ms. Tatapudy stated that AB 1054 established two annual legislative reporting requirements regarding the Wildfire Fund:

- The annual *Plan of Operations*, which has a reporting period of July through July each year. The *Plan of Operations* reports on Wildfire Fund assets, projections

for the durability of the Fund, the success of the Fund, and whether or not the Fund is serving its purpose.

- The *Statutory Report*, which has a reporting period of January through January each year. The *Statutory Report* covers the formation, administration, and disposition of the Wildfire Fund.

Ms. Tatapudy recommended approval of a Section 3287 Statutory Report template, a copy of which was included in the Council's meeting materials, as well as a set of procedures to facilitate the submission of these reports on an annual basis.

Questions and Discussion

Ms. Rossman asked Ms. Tatapudy if she is aware of who in the Legislature reads the report and whether the CEA staff has received any feedback on prior reports. Ms. Tatapudy replied that the Plan of Operations had been submitted to the two policy committees in the Legislature, the Assembly and Senate energy and utilities committees, and noted that staff has not received any questions or feedback from recipients of prior reports.

MOTION: Ms. O'Connor motioned to adopt the staff-recommended approval of this template from the Section 3287 Statutory Report and the proposed procedures for annually completing and filing those reports. Mr. Martinez seconded. The Motion carried unanimously by roll call vote.

8. ERM Framework: CEA Chief Risk & Actuarial Officer Shawna Ackerman will provide an update on the development of the Enterprise Risk Management program for the California Wildfire Fund.

Ms. Ackerman reported that her team is continuing its work on integrating any enterprise risks arising from administration of the Wildfire Fund into the CEA's Enterprise Risk Management (ERM) program.

She stated that 12 priority risk categories have been identified for the Wildfire Fund with 9 of 12 risk categories being identified as low risk. The 3 risk categories being identified as medium risk are Business Continuity, Claims, and Wildfire Modeling. There were no questions or comments from members of the Council.

9. Public Comment: Public comment opportunity on matters that do not appear on this agenda and requests by the public that those 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 2:58 p.m.



California Catastrophe Response Council Memorandum

January 27, 2022

Agenda Item 3: Executive Report

Recommended Action: No action required – information only

CEA Chief Executive Officer Glenn Pomeroy will present his Executive Report to the Council.



California Catastrophe Response Council Memorandum

January 27, 2022

Agenda Item 4: 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 November 30, 2021 and 2020.



FINANCIAL REPORT

November 30, 2021

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Financial Statements

**California Wildfire Fund
Balance Sheets**

UNAUDITED

	November 30, 2021	November 30, 2020
Assets		
Cash and investments:		
Cash and cash equivalents	\$ 388,152,926	\$ 515,953,235
Investments	<u>9,579,477,104</u>	<u>9,370,710,150</u>
Total cash and investments	9,967,630,030	9,886,663,385
Interest receivable	34,899,665	34,611,835
Prepaid expenses	<u>187,500</u>	<u>187,500</u>
Total assets	\$ 10,002,717,195	\$ 9,921,462,720
Liabilities and Net Position		
Securities payable	\$ 42,699,312	\$ 24,939,856
SMIF loan interest payable	4,947,877	7,854,794
Accounts payable and accrued expenses	1,467,740	1,359,122
Related party payable - CEA	<u>136,729</u>	<u>540,683</u>
Total liabilities	<u>49,251,658</u>	<u>34,694,455</u>
Net position:		
Restricted for CWF	<u>9,953,465,537</u>	<u>9,886,768,265</u>
Total net position	<u>9,953,465,537</u>	<u>9,886,768,265</u>
Total liabilities and net position	<u><u>\$ 10,002,717,195</u></u>	<u><u>\$ 9,921,462,720</u></u>

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

UNAUDITED

	Eleven Months Ended November 30, 2021	Eleven Months Ended November 30, 2020
Additions to fund assets:		
Utility contributions	\$ -	\$ 5,007,600,000
Rate payer monthly NBCs	785,966,509	-
Total contributions	785,966,509	5,007,600,000
Investment income & expenses	88,807,710	74,271,440
Change in unrealized gain/(loss)	(238,566,394)	101,805,926
Net investment income	(149,758,684)	176,077,366
Total additions to fund assets	636,207,825	5,183,677,366
Deductions to fund assets:		
SMIF loan principal payments	770,000,000	-
SMIF loan interest expense	33,805,232	43,072,955
General and administrative expenses	1,813,015	1,208,967
Personnel expenses	708,996	1,004,727
Reinsurance expenses	-	26,208,000
Reinsurance broker commissions	-	548,499
Total deductions to fund assets	806,327,243	72,043,148
Increase/(decrease) in net position	(170,119,418)	5,111,634,218
Net position, beginning of year	10,123,584,955	4,775,134,047
Net position, end of period	\$ 9,953,465,537	\$ 9,886,768,265

**California Wildfire Fund
2021 Approved Budget vs 2021 Actual Activity
as of November 30, 2021**

	Actual Activity for Eleven Months Ended November 30, 2021	Approved Budget for Eleven Months Ended November 30, 2021	Actual Activity for Eleven Months Ended November 30, 2020	Approved Budget for FYE 2021
Additions to fund assets:				
Rate payer monthly NBCs, net	\$ 785,966,509 *	\$ 816,200,000 **	\$ -	\$ 890,400,000
PG&E initial and 2019 annual contribution	-	-	5,007,600,000	-
Utility annual contributions	-	-	-	300,000,000
Investment income (net of expenses)	88,807,710	75,079,181	74,271,440	81,937,987
Total additions to fund assets	\$ 874,774,219	\$ 891,279,181	\$ 5,081,871,440	\$ 1,272,337,987
Deductions to fund assets:				
SMIF - principal payment	\$ 770,000,000	\$ 770,000,000	\$ -	\$ 840,000,000
SMIF - loan interest	33,805,232	33,805,232	43,072,955	36,106,945
Reinsurance expenses	-	-	26,208,000	-
Reinsurance broker commissions	-	-	548,499	-
<i>Personnel expenses:</i>				
Personnel expenses - allocated from CEA	708,996	1,340,713	829,733	1,462,596
Direct expenses from CWF temps	-	-	174,994	-
<i>Total personnel expenses</i>	708,996	1,340,713	1,004,727	1,462,596
<i>General and administrative expenses:</i>				
Other contracted and consulting services	477,967	1,008,513	209,875	1,100,196
Direct legal services-general	703,851	641,663	403,859	699,996
Financial services consulting	249,583	275,000	275,000	300,000
Bank fees	215,831	227,156	159,754	248,638
G&A expenses - allocated from CEA	152,872	215,072	113,419	234,624
Travel	-	20,000	6,407	20,000
Software and licenses	1,180	11,000	25,772	12,000
Direct IT services	261	11,000	9,372	12,000
Advertising administration - RFQ	7,000	10,000	-	10,000
Audit fees	4,000	6,000	4,000	6,000
Printing & stationary	-	1,100	-	1,200
Governing board meeting expenses	470	1,100	1,509	1,200
<i>Total general and administrative expenses:</i>	1,813,015	2,427,604	1,208,967	2,645,854
Total deductions to fund assets	\$ 806,327,243	\$ 807,573,549	\$ 72,043,148	\$ 880,215,395
Change in unrealized gain/(loss)	(238,566,394)	- ***	101,805,926	-
Increase/(decrease) in net position	\$ (170,119,418)	\$ 83,705,632	\$ 5,111,634,218	\$ 392,122,592

* - NBC funds received by CWF in 2021 are net of DWR administrative and operating expenses of \$11.5mm. The \$11.5mm is made up of \$7.7mm of DWR A&O expenses paid from Jan'20 through Sept'21 and \$3.8mm of funds retained in the DWR Charge Fund to pay future A&O expenses.

** - Budgeted NBC funds to be received by CWF in 2021 are net of \$12mm for DWR administrative and operating expenses. Following CCRC's approval of the budget, the CEA and DWR worked to reduce the DWR A&O annual budget to approximately \$5mm subsequent to fiscal year 2021.

*** - Unrealized gain/loss is not budgeted for CWF

Contributions & NBCs Received

**California Wildfire Fund
Contributions & NBCs Received
As of December 31, 2021**

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
Total Contributions		10,400,000,000
1. October 2020 NBC funds	1/19/2021	4,529,887
2. November 2020 NBC funds	1/19/2021	49,757,447
3. December 2020 NBC funds	2/9/2021	69,351,495
4. January 2021 NBC funds	3/15/2021	59,438,336
5. February 2020 NBC funds	4/8/2021	73,956,153
6. March 2021 NBC funds	5/7/2021	66,094,647
7. April 2021 NBC funds	6/16/2021	65,282,244
8. May 2021 NBC funds	7/14/2021	66,147,221
9. June 2021 NBC funds	8/5/2021	72,966,332
10. July 2021 NBC funds	9/15/2021	74,019,191
11. August 2021 NBC funds	10/7/2021	90,363,775
12. September 2021 NBC funds	11/10/2021	94,059,781
13. October 2021 NBC funds	12/2/2021	89,110,057
Total NBCs		875,076,566
Total Funds Received		<u>\$ 11,275,076,566</u>

Note 1:

NBC funds received by the CWF are net of DWR administrative and operating expenses.

Note 2:

Amounts highlighted in blue represent funds received subsequent to the October 28, 2021 CCRC meeting.

Investment Analysis

**California Wildfire Fund
CWF Portfolio Overview
11/30/2021**

November 30, 2021

The CWF's total portfolio market value for November 2021 was \$9.97 billion with an average duration of 3.95 years and average credit ratings of "AA".

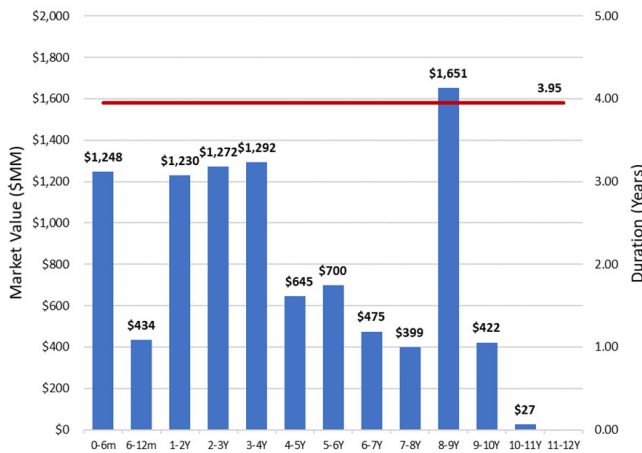
CWF Investment Portfolio as of November 30, 2021				
Sector	Market Value (\$MM)	% of Portfolio	Avg Credit Rating	Duration (Yrs)
U.S. Treasury	\$5,570	55.9%	AA+	2.56
U.S. Agency & Supranational	\$906	9.1%	AA+	4.14
Corporates	\$3,344	33.5%	A+	6.06
U.S. TSY MMF	\$148	1.5%	AA	0.29
Total	\$9,968	100.0%	AA	3.95

November 30, 2020

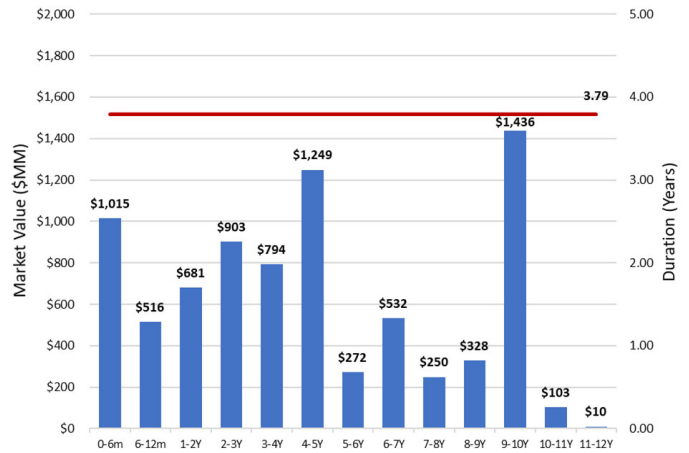
The CWF's total portfolio market value for November 2020 was \$9.89 billion with an average duration of 3.79 years and average credit ratings of "AA".

CWF Investment Portfolio as of November 30, 2020				
Sector	Market Value (\$MM)	% of Portfolio	Avg Credit Rating	Duration (Yrs)
U.S. Treasury	\$5,878	59.5%	AA+	2.45
U.S. Agency & Supranational	\$972	9.8%	AA+	4.56
Corporates	\$2,933	29.7%	A+	6.33
U.S. TSY MMF	\$104	1.1%	AA	0.19
Total	\$9,887	100.0%	AA	3.79

Maturity Distribution: Nov 30, 2021



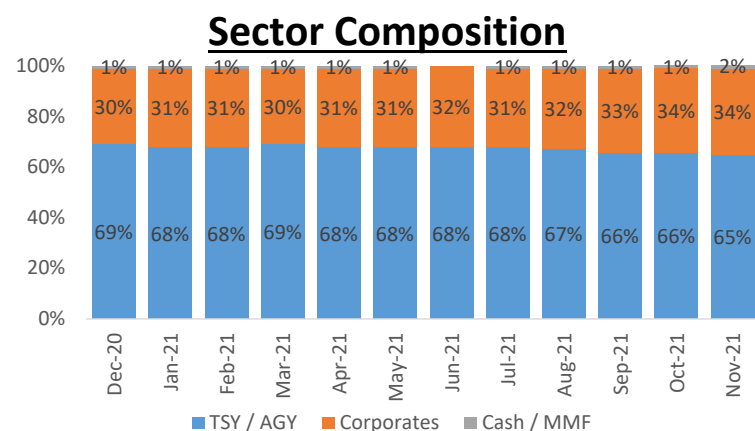
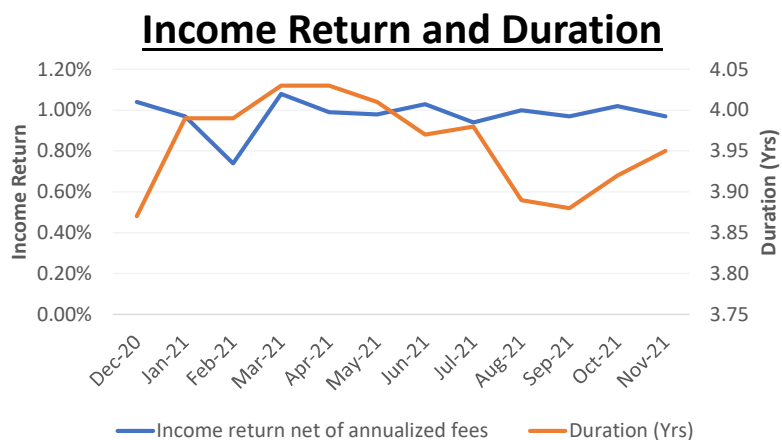
Maturity Distribution: Nov 30, 2020



**California Wildfire Fund
CWF Portfolio 12-Month History
11/30/2021**

CWF Investment Portfolio Overview												
	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
Total Portfolio												
Market Value - Cash & Investments (\$MM)	\$10,095	\$10,014	\$9,913	\$9,854	\$9,883	\$9,980	\$9,958	\$9,967	\$9,979	\$9,940	\$9,883	\$9,968
Investment income (\$MM) *	9.01	8.42	6.46	9.25	8.51	8.43	8.92	8.18	8.63	8.38	8.73	8.34
Change in unrealized gain/(loss) (\$MM)	2.33	(55.91)	(109.47)	(76.01)	40.03	27.58	16.64	61.26	(25.93)	(63.24)	(51.46)	(2.06)
Investment management fees and bank fees (\$MM)	0.34	0.33	0.33	0.33	0.35	0.33	0.33	0.33	0.33	0.33	0.33	0.33
monthly fees as a % of average AUM	0.0034%	0.0033%	0.0033%	0.0033%	0.0036%	0.0033%	0.0033%	0.0033%	0.0033%	0.0033%	0.0034%	0.0033%
Income return gross of fees	1.08%	1.00%	0.78%	1.12%	1.03%	1.02%	1.07%	0.98%	1.04%	1.01%	1.06%	1.01%
Income return net of annualized fees	1.04%	0.97%	0.74%	1.08%	0.99%	0.98%	1.03%	0.94%	1.00%	0.97%	1.02%	0.97%
Yield to Maturity	0.51%	0.60%	0.79%	0.90%	0.90%	0.82%	0.81%	0.81%	0.75%	0.88%	1.03%	1.05%
Duration (Yrs)	3.87	3.99	3.99	4.03	4.03	4.01	3.97	3.98	3.89	3.88	3.92	3.95
Portfolio Composition (%)												
TSY / AGY	69%	68%	68%	69%	68%	68%	68%	68%	67%	66%	66%	65%
Corporates	30%	31%	31%	30%	31%	31%	32%	31%	32%	33%	34%	34%
Cash / MMF	1%	1%	1%	1%	1%	1%	0%	1%	1%	1%	1%	2%

* - 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)



Cost Allocation

California Wildfire Fund
 Cost Allocation Methodology and Calculation for the Eleven Months Ended November 30, 2021 and 2020
 11/30/2021

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 Eleven Months Ended Nov'21 and Nov'20.

Department	11 months ended Nov'21		11 months ended Nov'20		CWF Salary & Benefit costs =	Nov'21	Nov'20
	Hours	Salaries & Benefits	Hours	Salaries & Benefits			
1. Comms	271.7	25,108	385.5	24,028		678,476 A	807,127
2. Exec	365.9	85,928	633.7	128,872		23,660,065 B	24,649,414
3. Finance	2,417.8	213,181	2,817.3	312,734		24,338,541 C	25,456,541
4. IT	118.0	9,320	17.5	1,702			
5. Internal Ops	53.0	7,286	77.0	5,820			
6. Insurance Ops	685.7	124,614	199.6	38,717			
7. Legal	1,680.4	213,040	1,922.1	295,254			
Total Direct Hours/Costs	5,592.4	678,476	6,052.6	807,127			
					Allocation % =	2.79% = A/C	3.17%

All other indirect costs were allocated to the CWF based on the 2.79% and 3.17% allocations noted above. The following indirect expenses were charged to the CWF:

Account Name	Acct #	Amount	Amount
Rent-Office and Parking	86400-16	35,017	39,073
Rent-Office Equip/Furniture	86450-16	2,093	3,471
Building Maintenance and Repairs	86475-16	658	2,566
Furniture/Equipment <\$5000	86500-16	-	443
EDP Hardware <5000	86505-16	3,995	12,323
EDP Software <5000	86506-16	77,598	38,544
Office Supplies	86510-16	320	985
Postage	86530-16	87	29
HR and IT staff allocation	85101-16	29,036	22,806
Telecommunications	86550-16	8,951	9,160
Insurance Expense	86600-16	15,704	-
Other Administration Services	88175-16	2,118	-
Direct Investment Technology Support	89805-16	7,250	5,693
Total Indirect Costs		182,827	135,093
Total Costs		861,303	942,220



California Catastrophe Response Council Memorandum

January 27, 2022

Agenda Item 5: 2022 CWF Proposed Budget

Recommended Action: Council Approval Needed

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 second submission of an annual CWF budget presented to the California Catastrophe Response Council (CCRC) for approval. CEA staff will perform the following procedures on the final Council approved budget for fiscal year 2022¹:

- After each month-end close, CEA staff 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 2022, 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 Council 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 Council without a request for approval.
- At each quarterly CCRC meeting, CEA staff will present the budget to actual comparisons for each of the line items included in the Council approved budget.

Analysis:

Staff have prepared Attachment A to assist the CCRC in comparing and analyzing the proposed 2022 budget for the Wildfire Fund. This attachment shows the following:

¹ The CWF fiscal year is the calendar year.



- Proposed 2022 CWF Budget
- CCRC approved Budget for 2021
- Difference between the 2022 CWF proposed budget to the 2021 CCRC approved budget
- Actual expenses for the eleven months ended November 30, 2021

Recommendation:

Staff recommends the following Council actions:

- Approve the proposed 2022 CWF budget; and
- Direct staff to operate CWF business operations within the total approved budget amounts.

California Wildfire Fund
2022 Proposed Budget vs 2021 Actual Activity (as of November 30, 2021)

	Proposed 2022 Budget	Approved 2021 Budget	Difference	Actual Activity for Eleven Months Ended November 30, 2021
Additions to fund assets:				
Rate payer monthly NBCs, gross	\$ 989,871,059	\$ 902,400,000	\$ 87,471,059	\$ 797,493,026
Utility annual contributions	300,000,000	300,000,000	-	-
Investment income (net of expenses)	104,053,321	81,937,987	22,115,334	88,807,710
Total additions to fund assets	\$ 1,393,924,380	\$ 1,284,337,987	\$ 109,586,393	\$ 886,300,736
Deductions to fund assets:				
SMIF - principal payment	\$ 840,000,000	\$ 840,000,000	-	\$ 770,000,000
SMIF - loan interest	16,344,411	36,106,945	(19,762,534)	33,805,232
DWR administrative and operating costs	5,132,992	12,000,000	(6,867,008)	11,526,517
<i>Personnel expenses:</i>				
Personnel expenses - allocated from CEA	935,900	1,462,596	(526,696)	708,996
<i>General and administrative expenses:</i>				
Other contracted services	1,500,200	1,100,196	400,004	477,967
Direct legal services-general	255,000	699,996	(444,996)	703,851
Financial services consulting	278,442	300,000	(21,558)	249,583
Bank fees	240,583	248,638	(8,055)	215,831
G&A expenses - allocated from CEA	555,333	234,624	320,709	152,872
Travel	5,000	20,000	(15,000)	-
Software and licenses	6,000	12,000	(6,000)	1,180
Direct IT services	12,000	12,000	-	261
Advertising administration - RFP	-	10,000	(10,000)	7,000
Audit Fees	4,000	6,000	(2,000)	4,000
Printing & stationary	600	1,200	(600)	-
Governing board meeting expenses	1,200	1,200	-	470
<i>Total general and administrative expenses</i>	<i>2,858,358</i>	<i>2,645,854</i>	<i>212,504</i>	<i>1,813,015</i>
Increase/(decrease) in net position	\$ 528,652,719	\$ 392,122,592	\$ 136,530,127	\$ 68,446,976



California Catastrophe Response Council Memorandum

January 27, 2022

Agenda Item 6: Administrator Evaluation

Recommended Action: Appoint Council Members to Informal Administrator Evaluation Committee

Mr. Pomeroy will ask the Council to appoint two members to the informal Administrator Evaluation Committee for the purpose of preparing the evaluation of CEA as the Wildfire Fund Administrator for 2021.



California Catastrophe Response Council Memorandum

January 27, 2022

Agenda Item 7: Fund Administration Update

Recommended Action: No action required – Information only

Background

This Fund Administration Update provides a status report on two key administrative matters for the Wildfire Fund, on which the CEA has previously reported to the Council, specifically: (a) the Memorandum of Coverage to be delivered to each of the three participating investor-owned utility companies (IOUs), and (b) the Administrator's framework for periodically reviewing and making recommendations to each IOU on its wildfire insurance coverage, pursuant to Public Utilities Code section 3293.

A. Memorandum of Coverage

The Memorandum of Coverage is a uniform document, akin to an insurance policy, that sets forth the scope of coverage from the Wildfire Fund and the conditions for submitting claims, consistent with the Claims Administration Procedures approved by the Council in 2021. The Memorandum of Coverage was carefully drafted to ensure consistency with the 2019 Wildfire Fund Legislation (AB 1054, AB 111, and AB 1513), while filling in details not expressly covered in those statutes. A principle goal of the Memorandum of Coverage is to ensure that each of the three IOUs share a common understanding of the terms and conditions related to their ability to access Wildfire Fund assets after a covered wildfire. This document will also assist the Administrator in ensuring that the IOUs are treated equally and fairly as they draw on Wildfire Fund assets when necessary.

The Memorandum of Coverage was finalized in the 4th Quarter of 2021 and was circulated to the IOUs for their review. The CEA held meetings with each of the IOUs in early December to discuss the Memorandum of Coverage and to answer questions. The CEA also afforded the IOUs additional time to complete their review and submit any additional questions or comments during the first week of January 2022. A copy of the final version of the Memorandum of Coverage is attached to this update.



Another function of the Memorandum of Coverage is to document each IOU's "coverage year" – the 12-month period during which an IOU's wildfire liabilities are aggregated to meet their \$1 billion per year liability retention. As soon as those coverage years are validated with each IOU, the Memoranda of Coverage will be finalized and delivered. The Memoranda of Coverage will remain in effect for the duration of the life of the Wildfire Fund, but will be amended as necessary to conform to any future statutory amendments to AB 1054 that the Legislature may enact.

B. PUC § 3293 Framework

As previously reported, the CEA engaged Scidan Consulting, an energy sector consulting firm, to assist in the development of a framework for the Administrator's periodic review of the IOU's underlying wildfire insurance programs. Public Utilities Code section 3293 requires that each of the IOUs "maintain reasonable insurance coverage." This section codifies the long-standing practice by the IOUs of securing third-party commercial insurance to cover, among other things, the \$1 billion in annual wildfire claims that each IOU must retain before claims in excess of that amount may be submitted to the Wildfire Fund for reimbursement.

Section 3293 also requires the Administrator to periodically review the IOUs' insurance programs and make recommendations to each IOU "as to the appropriate amount of insurance coverage required," taking into account a list of enumerated risk factors and any other factors deemed appropriate by the Administrator.

The Section 3293 framework is a tool to assist the Administrator in managing the durability of the Fund through upward adjustments to the minimum \$1 billion retention amount. The framework assesses durability projections against the annual IOU retentions, using a range of potential losses to the Fund. Given a target durability of 10 to 15 years, consistent with the expectations and intentions of the Legislature when creating the Fund in July 2019, annual IOU retentions at various levels are tested to determine if an IOU's retention amount should be raised from the current \$1 billion level. The testing framework relies on modeled wildfire losses and utilizes a range of potential losses, including low and high settlement rates. The testing framework will be updated each year to reflect actual experience and changes in the view of wildfire risk.

Based on the results of the assessment, coupled with the facts that there have not yet been claims on the Wildfire Fund, and no material changes have emerged since July 2019, the IOUs will be informed that there will be no changes to the IOUs' \$1 billion loss retention for the upcoming 2022 – 2023 wildfire season.

MEMORANDUM OF COVERAGE WILDFIRE FUND

Issued to a **Participating Utility**

This MEMORANDUM OF COVERAGE (hereinafter "**Memorandum**") is between the **Administrator** of the **Wildfire Fund** and all **Participating Utilities** of the **Wildfire Fund**, including the **Participating Utility** named below.

In this **Memorandum**, words written in boldface type are defined in SECTION II DEFINITIONS.

The terms and conditions of this **Memorandum** are intended to be based on and consistent with statutes creating and governing the **Wildfire Fund** as set forth in the California Public Utilities Code, and are provided by the **Administrator** of the **Wildfire Fund** to **Participating Utilities**.

PARTICIPATING UTILITY

(Insert Name)

COVERAGE YEAR

Commencing: [Month][Day] at [12:01 a.m. Pacific Time]; and

Ending: [Month][Day] at [12:00 a.m. Pacific Time].

MEMORANDUM OF COVERAGE WILDFIRE FUND

SECTION I - STATEMENT OF PURPOSE

The purpose of this **Memorandum** is to set forth the terms on which a **Participating Utility** may apply for and receive reimbursement for **Eligible Claims** from the **Wildfire Fund**, as well as the methods of determining what amounts, if any, a **Participating Utility** must reimburse the **Wildfire Fund**.

SECTION II - DEFINITIONS

- A. **“Administrator”** means the administrator of the **Wildfire Fund** appointed by the California Catastrophe Response Council pursuant to section 8899.72 of the Government Code.¹
- B. **“Annual Contribution”** means an amount equal to \$300,000,000 multiplied by the **Wildfire Fund** allocation metric found in Public Utilities Code section 3280(n).
- C. **“Catastrophic Wildfire Proceeding”** means proceedings in which a **Participating Utility** files an application with the **Commission** to recover costs and expenses pursuant to Public Utilities Code sections 451 or 451.1, as applicable, related to a **Covered Wildfire**.
- D. **“Commission”** means the California Public Utilities Commission.
- E. **“Council”** means the California Catastrophe Response Council created pursuant to Government Code section 8899.70.
- F. **“Coverage Year”** means, with respect to any given **Participating Utility**, an annual period of exactly 12 months that (1) commences as of date and time, as declared by the **Participating Utility** to the **Administrator** no less than 30 days in advance, at which any or all of that **Participating Utility**'s insurance coverage that is required to be in place pursuant to section 3293 of the Public Utilities Code incept, and (2) ending exactly 12 months after the date of commencement.
- G. **“Covered Wildfire”** means a **Wildfire** that occurred in whole or in part within the State of California, that ignited on or after July 12, 2019, that either
 - (1) A **Determining Governmental Entity** has determined, or a court of competent jurisdiction has finally adjudicated was ignited as a result of the equipment or

1. All references in this Memorandum to any “Code” or “Code section” are references to the applicable California Codes, which may be viewed at <https://leginfo.legislature.ca.gov/faces/codes.xhtml>.

operations of an **Electrical Corporation**, as described in subdivision 1701.8(a)(1)(A) of the Public Utilities Code; or

- (2) Is asserted to have been caused by an **Electrical Corporation** and results in a court-approved dismissal resulting from the settlement of **Third-Party Damages** claims, as described in subdivision 1701.8(a)(1)(B) of the Public Utilities Code.

A landslide, mudslide, mudflow, or debris flow that follows a **Covered Wildfire** will be considered to be part of and included within this definition of a **Covered Wildfire**, if it is induced by, and would not have occurred in the absence of, that **Covered Wildfire**. For purposes of determining in which **Coverage Year** such an event occurred, that landslide, mudslide, mudflow, or debris flow will be deemed to have occurred in the same **Coverage Year** as the **Wildfire** that triggered it.

- H. **“Determining Governmental Entity”** means an entity, agency, or subdivision of the government of the United States of America, State of California, or California county or municipality that, consistent with section 1701.8 of the Public Utilities Code, is legally charged with the responsibility for determining, and does in fact make a final determination of, the cause of ignition of a **Wildfire**.
- I. **“Electrical Corporation”** means every corporation or person owning, controlling, operating, or managing any electric plant for compensation within this state, except where electricity is generated on or distributed by the producer through private property solely for its own use or the use of its tenants and not for sale or transmission to others.
- J. **“Eligible Claims”** means claims for **Third-Party Damages** directly resulting from **Covered Wildfires**, as described in section 3280(f) of the Public Utilities Code and presented by a **Participating Utility** for reimbursement from the **Wildfire Fund**. **“Eligible Claims”** also includes amounts for which a **Participating Utility** is liable under a valid and enforceable indemnification agreement with a contractor or other indemnitee, but only to the extent that the indemnification owed by the **Participating Utility** is for the settlement of a settled or finally adjudicated claim of a third party for damages directly resulting from a **Covered Wildfire**.
- K. **“Initial Contribution”** means an amount equal to \$7,500,000,000 multiplied by the “Wildfire Fund allocation metric” as that term is defined in Public Utilities Code section 3280, subdivision (n).
- L. **“Memorandum”** means this Memorandum of Coverage.
- M. **“Participating Utility”** means an **Electrical Corporation** that has met all of the requirements for participation in the **Wildfire Fund** as set forth in section 3292 of the Public Utilities Code.
- N. **“Subrogation Claim”** means a right held by an insurer, or an insurer’s assignee or subrogee, to legally pursue a third party that caused a loss to its insured that resulted in a paid insurance claim by that insurer. As used herein, the terms “insurance” and “insurer” are deemed to include coverages issued by reinsurers as well as primary insurers.

- O. “**Subrogation Value**” means, as to a **Subrogation Claim**, the aggregate amount of the **Participating Utility**’s direct liability to all insureds or claimants upon whose loss the **Subrogation Claim** is based, had such insureds or claimants pursued their claims directly against the **Participating Utility**.
- P. “**Third-Party Damages**” means settled or adjudicated claims for damages made against the **Participating Utility** by claimants that suffered damages as a direct result of a **Covered Wildfire**. **Third-Party Damages** do not include payments to parties that are owned in whole or in part by the **Participating Utility**, and any such claims are excluded from coverage.
- Q. “**Threshold Amount**” means, as to each **Participating Utility**, an amount of **Eligible Claims** that, in the aggregate in any given **Coverage Year**, is equal to the greater of (1) \$1,000,000,000 or (2) the amount of the insurance coverage required to be in place for the **Participating Utility** pursuant to section 3293 of the Public Utilities Code.

When determining whether the **Participating Utility** has met the **Threshold Amount**, only **Third-Party Damages** that constitute **Eligible Claims** are to be included in that calculation. No other costs, expenses, liabilities, claims, or losses, including but not limited to those in the categories listed in SECTION V – EXCLUSIONS, will be included in the calculation of the **Threshold Amount**, even if such costs, expenses, liabilities, claims or losses are actually incurred by a **Participating Utility** as the result of a **Covered Wildfire**.

- R. “**Wildfire**” means an accidental and unintentional, uncontrolled fire that (1) is listed on a list of wildfire incidents compiled by the California Department of Forestry and Fire Protection (“CAL FIRE”),² or, (2) if not so listed on the CAL FIRE list of wildfire incidents, is determined by the **Administrator**, in the **Administrator’s** sole discretion, to be of the nature and sort of fire that should enable a **Participating Utility** to apply for and receive reimbursement for **Eligible Claims** from the **Wildfire Fund**.
- S. “**Wildfire Fund**” means the fund created in section 3284 of the Public Utilities Code.

SECTION III - REQUIREMENTS FOR PARTICIPATING UTILITIES

As a condition of receiving reimbursement for **Eligible Claims** from the **Wildfire Fund**, a **Participating Utility** must, at the time of submission of its claim to the **Wildfire Fund** for reimbursement, be in compliance with each of the following requirements set out in this Section III:

- A. Corporate Financial Status. The **Participating Utility** must have satisfied the **Wildfire Fund** participation requirements of, as applicable to that **Participating Utility**, sections 3289 and 3292 of the Public Utilities Code.
- B. Change of Control. The **Participating Utility** must comply with, and remain in compliance with, Public Utilities Code sections 854 and 854.2 regarding “change of

² Annual CAL FIRE incident lists may be viewed at <https://www.fire.ca.gov/incidents/>.

control,” as that term is defined in the Public Utilities Code, and all requirements with regard to workforce management stated therein.

C. Participant Fees. The **Participating Utility** must have paid:

1. **Initial Contribution** fees to the **Wildfire Fund** as per Public Utilities Code section 3280(i) and as defined in this **Memorandum**, and
2. All **Annual Contributions** that have come due as provided for in Public Utilities Code section 3292, subdivisions (a) and (b), and this **Memorandum**. **Annual Contributions** must be made by January 1 of each calendar year.

SECTION IV – COVERAGE

The **Administrator** will make payment from the **Wildfire Fund** to the **Participating Utility**, only as reimbursement for amounts actually paid by or on behalf of the **Participating Utility** as **Eligible Claims**, and only for that portion of **Eligible Claims** in excess of the **Threshold Amount** that are settled or finally adjudicated by or on behalf of the **Participating Utility**. At the **Administrator’s** sole option, the Administrator will have the right, but not the obligation, to provide payment to the Participating Utility for Eligible Claims after the amount of those Eligible Claims incurred by the Participating Utility are finally determined but before those Eligible Claims are actually paid by or on behalf of the Participating Utility.

A. Coverage for **Eligible Claims** arising from agreements or settlements:

That portion of **Eligible Claims** resolved by or on behalf of the **Participating Utility** as a result of settlements, agreements, mediation, non-binding arbitration awards, or other non-judicial resolution of such claims will be paid as follows, depending on whether such **Eligible Claims** constitute **Subrogation Claims** or non-**Subrogation Claims**. All such claims are subject to the review and approval of the **Administrator**, pursuant to the **Administrator’s** claims procedures, to determine whether any or all of the claim amount is within the reasonable business judgment of the **Participating Utility** and thus qualifies for reimbursement by the **Wildfire Fund**. That amount so determined by the **Administrator** is binding on the **Participating Utility** and is subject to review only pursuant to any review procedures implemented by the **Administrator**.

1. **Subrogation Claims**

- a. **Eligible Claims** that are **Subrogation Claims** that are settled or agreed to by or on behalf of the **Participating Utility** at an amount less than or equal to 40 percent of **Subrogation Value**, and that include a full release of the balance of the asserted claim, will be paid at the amounts settled or agreed to on behalf of the **Participating Utility** unless the **Administrator** determines that the exceptional facts and circumstances surrounding the underlying claim do not justify the **Participating Utility’s** exercise of such business judgment, in which case the **Administrator** will determine an appropriate amount of payment to be made.

- b. **Eligible Claims** that are **Subrogation Claims** that are settled or agreed to by or on behalf of the **Participating Utility** at an amount in excess of 40 percent of the **Subrogation Value**, will be paid at the amounts settled or agreed to on behalf of the **Participating Utility** only to the extent that (1) the settlement or agreement includes a full release of the balance of the asserted **Subrogation Value**, and (2) the **Administrator** determines that the **Participating Utility** exercised its reasonable business judgment in determining to settle for a higher percentage of the **Subrogation Value** or on different terms based on a determination that the specific facts and circumstances surrounding the underlying claim. If the **Administrator** does not so determine, the **Administrator** will determine an appropriate amount of payment to be made.
 2. **Non-Subrogation Claims.** **Eligible Claims** that are non-**Subrogation Claims** that are settled or agreed to by or on behalf of the **Participating Utility** will be paid if the claim is approved by the **Administrator** as being within the reasonable business judgment of the **Participating Utility**. If, however, such non-**Subrogation Claims** are not so approved by the **Administrator**, such claims will be paid at an amount as determined by the **Administrator**.
- B. **Coverage for Eligible Claims resulting from judicial determinations:** **Eligible Claims** that are finally adjudicated by way of any enforceable judicial (or binding quasi-judicial) means, including by way of final judgment, jury or bench trial award, final appeal, or binding arbitration, will be eligible to be paid in the full amount of that judgment, award, or determination, provided, however, that the **Participating Utility** has made a reasonable and good faith effort, appropriate to the circumstances and nature of the claim, to defend, litigate, appeal, arbitrate, or otherwise resolve the claim.
- C. **Threshold Amount**
 1. No payment will be made by the **Wildfire Fund** to the **Participating Utility** until and unless the aggregate amount of **Eligible Claims** attributable to the **Participating Utility** for the **Coverage Year** in which the **Wildfire** or **Wildfires** giving rise to such **Eligible Claims** were ignited that are paid by or on behalf of the **Participating Utility** exceeds the **Threshold Amount**, and only the portion, if any, of such **Eligible Claims** in excess of the **Threshold Amount** is subject to coverage under this **Memorandum**.
 2. If a **Participating Utility's Threshold Amount**, as calculated pursuant to Paragraph C of Section II of this **Memorandum**, is greater than \$1,000,000,000, and an insurer of that **Participating Utility** becomes insolvent and cannot and does not pay some or all of the amounts it is obligated to pay for any portion of Eligible Claims under the terms of its contract or policy of insurance issued to that **Participating Utility**, that **Participating Utility's Threshold Amount** will be deemed to be reduced by the amount the insurer cannot and does not pay (but shall not be reduced to less than \$1,000,000,000), even if that is a lesser amount than the required level of insurance that was in place. The **Wildfire Fund** will not, however, have any responsibility for amounts unpaid by the insolvent insurer

to the **Participating Utility**, and those amounts will not constitute any portion of **Eligible Claims**.

- D. **Coverage Limit.** The aggregate recovery from the **Wildfire Fund** for all **Participating Utilities**, for all **Eligible Claims** regardless of number or amount, will be limited to the amount of assets existing in the **Wildfire Fund**. If, in any **Coverage Year**, the aggregate of **Eligible Claims** of all **Participating Utilities** submitted for reimbursement by the **Wildfire Fund** (whether submitted by one or more than one of the **Participating Utilities**) exceeds the amount of assets existing in the **Wildfire Fund**, the **Administrator** has the discretion to (a) limit the aggregate amount of payments for **Eligible Claims** for all **Participating Utilities** to the amount of assets then existing in the **Wildfire Fund** and (b) apportion the claims payments to the **Participating Utilities** for the then-unpaid claims on a reasonable pro-rata basis; and said payments or apportioned payments will be deemed the full and final payment from the **Wildfire Fund** to the **Participating Utilities** for all **Eligible Claims**, provided, however, that such payment, or any portion thereof, may be subject to reimbursement to the **Wildfire Fund** under the terms of Section VIII of this **Memorandum**.

SECTION V – EXCLUSIONS

No coverage is provided under this **Memorandum** for, and no reimbursement will be provided by the **Wildfire Fund** to the **Participating Utility** for, any of the following claims, damages, losses, expenses, fees, or other costs (sometimes collectively referred to herein as “claims,” “losses,” or “expenses”). None of the following are deemed to constitute **Eligible Claims** even if such claims, losses, or expenses directly or indirectly arise out of a **Covered Wildfire**, nor do any of the following claims, losses, or expenses apply toward the calculation of the **Threshold Amount** of the **Participating Utility**.

- A. Attorney fees, litigation costs, expert expenses, or other costs, and all other non-**Third-Party Damages**, incurred (including but not limited to those incurred by the **Participating Utility**) in resolving, defending or litigating claims (including but not limited to **Eligible Claims**) made against the **Participating Utility**; provided, however, that any such fees or expenses of a third-party **Covered Wildfire** loss claimant that are ordered to be paid by the **Participating Utility** to that third party as part of a judicial determination may be deemed to constitute **Third-Party Damages** and thus are not within the scope of this exclusion.
- B. Expenses incurred (including but not limited to those incurred by the **Participating Utility**) relating to insurance or reinsurance matters, including, but not limited to:
1. Expenses incurred for coverage advice, coverage disputes, declaratory relief or insurance or reinsurance coverage actions, or to make a claim against or to participate in litigation or other dispute resolution with an insurer reinsurer, or other risk transfer counterparty with respect to **Wildfire** losses or claims; or
 2. Losses covered under and claimed against the **Participating Utility**'s insurance, reinsurance, or other risk transfer coverage, but for which under insurer, reinsurer, or other risk transfer counterparty has not paid or indemnified the **Participating Utility** and that are non-collectible because of that insuring entity's

insolvency, bankruptcy, conservation, or other financial inability or unwillingness to pay.

- C. Expenses incurred by the **Participating Utility** for coverage advice, legal advice, coverage disputes, declaratory relief or other actions with respect to the **Wildfire Fund** or **Administrator**, or to make a claim to or participate in litigation with the **Wildfire Fund** or **Administrator**.
- D. Expenses incurred by a **Participating Utility** as a result of any regulatory or enforcement actions or to comply with any legal, official, or regulatory investigation, including but not limited to **Commission** investigations, and any fines, civil penalties, or similar claims or expenses.
- E. Expenses incurred by a **Participating Utility** related to bankruptcy or bankruptcy advice.
- F. Claims, losses, or expenses related to injuries to or death of the employees, officers, agents, contractors, or subcontractors, of the **Participating Utility** or the **Participating Utility's** joint venturers, affiliates, contractors, or subcontractors.
- G. Claims, losses, or expenses related to the damage to or the repair or replacement of (1) the **Participating Utility's** own equipment or other owned or leased property, or (2) equipment or property jointly owned, leased, or operated by the **Participating Utility** and one or more other persons or entities.
- H. Claims, losses, or expenses arising out of the willful or intentional acts of the **Participating Utility** or its employees, agents, or officers.
- I. Claims, losses, or expenses resulting from de-energization of power systems or deprivation of electricity services to customers or third parties, including but not limited to public safety power shut-offs, unless such actions directly result in a **Covered Wildfire**.
- J. Claims, losses, or expenses for punitive, exemplary, or other non-compensatory damages.
- K. Claims or expenses for which the **Participating Utility** has made an application to the **Commission** to recover under Public Utilities Code sections 451 or 451.1.

SECTION VI – CLAIM PROCEDURES

- A. Claims Administration Procedures. The **Administrator**, with the approval of the **Council**, has established and approved written Claims Administration Procedures for the review, approval, and funding of **Eligible Claims**, in a manner consistent with applicable law and this Memorandum of Coverage. The Claims Administration Procedures may be revised from time to time by the **Administrator** with the approval of the **Council** at a public meeting at which any **Participating Utility** may appear and comment on proposed amendments to the Claims Administration Procedures. All **Eligible Claims** submitted to the **Wildfire Fund** will be processed in accordance with those Claims Administration Procedures.

- B. *Burden of Proof.* The **Participating Utility** bears the burden to demonstrate that the claim it makes to the **Wildfire Fund** is an **Eligible Claim** and further bears the burden of establishing all necessary components of and conditions of coverage under this **Memorandum** including, but not limited to, establishing, to the satisfaction of the **Administrator**, all of the following:
1. The **Participating Utility** has incurred **Eligible Claims** for **Third Party Damages** in excess of the applicable **Threshold Amount**;
 2. The **Eligible Claims** for which the **Participating Utility** claims reimbursement have actually been paid by or on behalf of the **Participating Utility**;
 3. The **Participating Utility's** claim for reimbursement is for **Eligible Claims** that are covered claims as per SECTION IV COVERAGE of this **Memorandum**;
 4. The **Participating Utility's** claim for reimbursement is not for losses or expenses excluded pursuant to SECTION V EXCLUSIONS of this **Memorandum**; and
 5. The amount paid by the **Participating Utility** for its **Eligible Claims** was paid in an exercise of the **Participating Utility's** reasonable business judgment.
- C. *Required Cooperation.* The **Participating Utility** must cooperate with the **Administrator** and any service providers engaged by the **Administrator** for the review or processing of **Eligible Claims**, must fully comply with the Claims Administration Procedures, must provide all necessary documentation and detail, and must complete and file all necessary forms as required by the **Administrator** to evaluate any **Eligible Claims**.
- D. *Administrator Review.* The **Administrator** will review and approve of any settlement amount of an **Eligible Claim** and will not release funds to the **Participating Utility** until and unless the **Administrator** determines that the amounts paid were paid in the reasonable business judgment of the **Participating Utility**
- E. *Payment of Approved Eligible Claims.* **Eligible Claims** will be reimbursed within 45 days after the date the **Administrator** approves the amount thereof in accordance with its claims procedures, unless that timing is not practicable under the circumstances.

SECTION VII – OTHER CONDITIONS

- A. *Legislative Changes.* It is understood that the **Wildfire Fund** is created pursuant to California legislation and is subject to change by legislation. In that event, the **Administrator** reserves the right to change the terms of the **Memorandum** to comply with the provisions and requirements of any such legislation.
- B. *Interpretation of Memorandum.* No party to the **Memorandum** is entitled to rely on any interpretation principle that would require the interpretation of ambiguous language against the drafter. The **Participating Utility** understands and acknowledges that this **Memorandum** is not an insurance policy nor subject to regulation under the California

Insurance Code nor the California Insurance Fair Claims Practices Act. The **Wildfire Fund** has no obligation to issue reservation of rights letters, nor does it have any obligation to provide any defense or assistance with the handling of the **Eligible Claims**.

- C. Inspections and Audits. The **Administrator** will have the right to examine and audit the **Participating Utility's** computer records, books, files, and other accumulation of data, and may make reasonable inspections and review of physical facilities or evidence at any time during the **Participating Utility's** participation in the **Wildfire Fund** and within three years after the termination of the **Wildfire Fund** or the **Participating Utility's** participation therein.
- D. Coverage Year. As described in paragraph F of Section II of this **Memorandum**, the **Participating Utility** must, in advance of the commencement of the **Coverage Year**, notify the **Administrator** of the inception date of that Participating Utility's insurance coverage that is required to be in place pursuant to section 3293 of the Public Utilities Code. In the event the commencement date of that insurance coverage changes in a future year, thus modifying the commandment of the corresponding **Coverage Year**, the **Participating Utility** must so notify the **Administrator** of that change in advance of its effective date, in accordance with paragraph F of Section II of this **Memorandum**.
- E. Right to Terminate the Wildfire Fund. The **Wildfire Fund** may be terminated if the **Administrator** determines that the fund resources are exhausted, taking into account the amount of any unpaid liabilities including necessary reserves, any remaining unpaid annual contributions from **Participating Utilities**, and the charges authorized pursuant to Public Utilities Code section 3289. Upon the determination of the **Administrator** that the fund is to be terminated, the **Administrator** will pay all remaining **Eligible Claims** and fund expenses and liquidate any remaining assets. Any remaining assets must be transferred to the General Fund of the State of California.

SECTION VIII - REIMBURSEMENTS TO WILDFIRE FUND

- A. Compliance with Laws and Regulations. If a **Participating Utility** has received any payment from the **Wildfire Fund** for **Eligible Claims**, the **Participating Utility** must comply with the laws and regulations related to a **Catastrophic Wildfire Proceeding**.
- B. Required Applications. If a **Participating Utility** has received any payment from the **Wildfire Fund** for **Eligible Claims**, the **Participating Utility** must file an application to the **Commission** to commence a **Catastrophic Wildfire Proceeding** by no later than the earlier of the following:
 1. The date when it has resolved all **Third-Party Damage** claims and exhausted all right to indemnification or other claims, contractual or otherwise, against any third parties, including collecting insurance proceeds, related to the **Covered Wildfire**.
 2. The date that is 45 days after the date the **Administrator** requests the **Participating Utility** to make such an application.
- C. Required Payments. Based on the **Commission's** decision in a **Catastrophic Wildfire Proceeding**, a **Participating Utility** must reimburse the **Wildfire Fund** as follows:

1. If the **Commission** finds that the **Participating Utility's** costs and expenses were just and reasonable, the **Participating Utility** will only be required to reimburse the **Wildfire Fund** for any costs and expenses the **Commission** determined were disallowed.
2. If the **Commission** finds that the **Participating Utility's** costs and expenses were not just and reasonable, the **Administrator** may, after the **Commission** makes such findings, commence a process to determine whether the **Participating Utility's** actions or inactions that resulted in the Covered Wildfire constituted conscious or willful disregard of the rights and safety of others, and the **Participating Utility** must reimburse the **Wildfire Fund** as follows:
 - a. If the **Administrator** does not make a determination that the **Participating Utility's** actions or inactions that resulted in the **Covered Wildfire** constituted conscious or willful disregard of the rights and safety of others, the **Participating Utility** must reimburse the **Wildfire Fund** in the lesser amount of either of the following:
 - i. The full amount of costs and expenses the **Commission** determined were disallowed, or
 - ii. The amount determined pursuant to Public Utilities Code section 1701.8(h)(2)(C).
 - b. If the **Administrator** determines that the **Participating Utility's** actions or inactions that resulted in the **Covered Wildfire** constituted conscious or willful disregard of the rights or safety of others, or if the **Participating Utility** failed to maintain a valid safety certification at the time of the commencement of the **Covered Wildfire**, the **Participating Utility** must reimburse the **Administrator** in the full amount of costs and expenses the **Commission** determined were disallowed.

D. Permitted Liens

1. Except as provided in subparagraph 2, below, of this paragraph D, within six months after the **Commission** adopts a decision in a **Catastrophic Wildfire Proceeding** a governmental assessment will be imposed in the full amount of, and the **Participating Utility** must reimburse the **Wildfire Fund** for the full amount of, costs and expenses that the **Commission** determined were the amount of the obligation to reimburse the **Fund**.
2. With respect to a governmental assessment pursuant to subparagraph 1, above, of this paragraph D, the **Wildfire Fund** is granted a statutory lien on the revenues of a **Participating Utility** to secure the reimbursement obligations to the **Wildfire Fund** subject to the conditions in Public Utilities Code section 3295(b).



California Catastrophe Response Council Memorandum

January 27, 2022

Agenda Item 8: Claims Administration

Recommended Action: No action required - Information only.

Background

At its July 22, 2021 meeting, the California Catastrophe Response Council (Council) adopted the final draft *Wildfire Fund Claims Administration Procedures* (Procedures) and 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.

These actions are in keeping with the 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 (Fund) within the framework established by law and in accordance with the claims administration procedures approved by the Council.

Implementation of the Claims Administration Procedures

The Administrator issued a Request for Proposal (RFP #06-21) for a Claims Review Services Provider on August 17, 2021. The Administrator responded to a round of questions on the RFP and received four proposal submissions by its deadline of October 7, 2021. The Administrator's proposal review panel evaluated the proposals and identified three finalists that were invited to make presentations. The company with the highest overall average scores from the review panel was invited on October 27, 2021 to advance to the contract negotiation stage. The past few months of discussions have been very useful in further refining the work necessary to implement the claims administration procedures and the contracting process is very nearly complete. The Administrator will provide an update on the status of the contracting process and anticipated start date of the claims review services provider at the January 27th meeting.



The claims review services provider's scope of work will be divided into two phases:

- Phase 1 – Claims Review Readiness, will focus on building out the infrastructure and complete the preparations necessary for the successful and timely execution of the Administrator's claims review process. This includes development of an Operations Manual; the data management infrastructure for claims intake, review and reporting; a statistical approach to the claims review process; quality control procedures; and a claims review personnel plan and training program. The work plan is intentionally iterative so that the full operational approach will be mapped out, then tested before finalization. Work during this phase will take a maximum of one year; however, the iterative approach will give the Administrator the necessary flexibility to undertake the review of any claims that might be submitted during 2022.
- Phase 2 - Delivery-on-Demand of Claims Review Services, will extend up to 3 years, with an option to extend the contract up to 5 years from the date of execution. Work will include development and execution of an implementation plan for the on-demand claims review services, including claims intake and review; reporting in specified formats for the Threshold Amount claims report and Eligible Claims report, as applicable; and management of Threshold Amount claims and Eligible Claims review processes. A maintenance services plan will also be developed to ensure that, if claims are not submitted for an extended period of time over the life of the contract, the claims review personnel and infrastructure will remain trained and ready to provide on-demand claims review services whenever claims are submitted.

In addition to completion of the contracting and initiation of the claims review services provider's work, the Administrator is also preparing to conduct its first round of annual update meetings with each Participating Utility to secure the latest information on the claims handling organization, its function and reporting capabilities, as specified in the Claims Administration Procedures.



Wildfire Monitoring and Notification

The Administrator continues to build out the protocols, templates and tools for monitoring and reporting on active wildfires and the status of potentially Covered Wildfires.

For the 2019 and 2020 seasons, the California Department of Forestry and Fire Protection (CAL FIRE) has completed investigations on at least two major fires—the October 2019 Kincadee Fire and the September 2020 Zogg Fire. At this point, reported losses, in aggregate, for the 2019 and 2020 seasons for each of the three Participating Utilities have not exceeded the current \$1 billion threshold necessary to make a claim on the Fund.

For the 2021 season, CAL FIRE completed its investigation of the July 2021 Dixie Fire and determined that the Dixie Fire was caused by a tree contacting electrical distribution lines owned and operated by Pacific Gas and Electric (PG&E). The Dixie Fire burned a total of 963,309 acres, destroyed 1,329 structures and damaged 95 additional structures in Butte, Plumas, Lassen, Shasta and Tehama counties. PG&E's 10-Q quarterly report to the Securities and Exchange Commission (SEC) on November 1, 2021 provided the first public estimate of potential aggregate liability for the 2021 Dixie Fire of \$1.15 billion. PG&E's next 10-Q quarterly report to the SEC will be posted around February 1, 2022 and may include an updated estimate for the Dixie Fire and any other potential liabilities for the 2021 season. The Administrator will continue to closely monitor PG&E's 2021 losses and plan for the potential submission of claims.

Next Steps

CEA staff will report on the status of contracting and initiation of work by the claims review services provider during this Council meeting.

California Catastrophe Response Council Memorandum

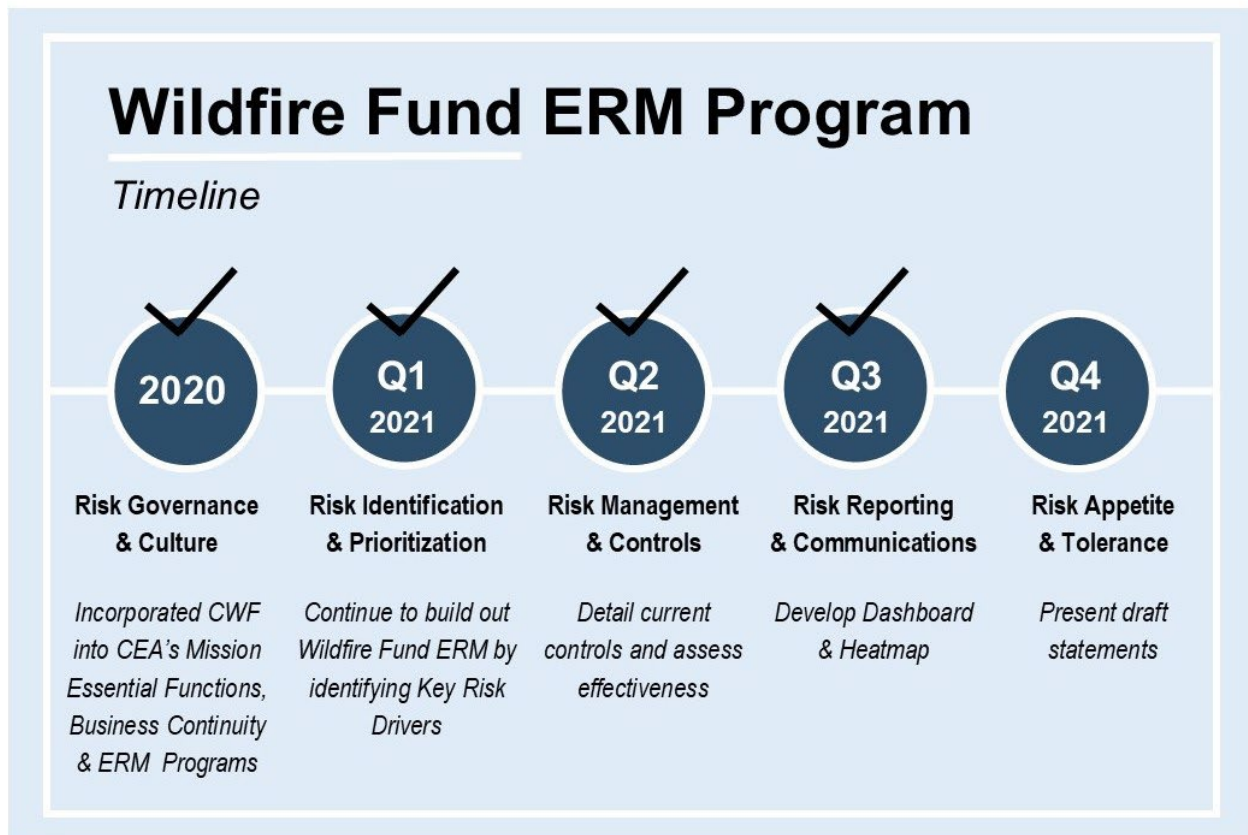
January 27, 2022

Agenda Item 9: Enterprise Risk Management Program Framework - Update

Recommended Action: No action required – information only

Background

The Enterprise Risk Management (ERM) Committee is continuing its work in integrating risks associated with the administration of the California Wildfire Fund (CWF) into the CEA’s existing ERM program. The timeline below outlines the evolution and development of the program.





Risk Reporting and Communication

In this quarter's report we will summarize the progress made in developing a reporting and communication approach that will enable Council members to quickly visualize the status of the priority risks and provide additional communication on those risks.

As previously reported the ERM Committee and CEA's internal risk owners have identified and defined 12 priority risk categories that could interfere with the Wildfire Fund meeting its objectives if those risks are not appropriately mitigated and managed. Attached is the *ERM Scorecard* for January 2022 that lists and provides the current status of each priority risk. The column headed "Outlook" indicates the potential future direction of the risk status—as either positive, negative, or stable. Changes in risk status will be noted and identified at each Council meeting. The final column is a brief summary of actions taken in response to any elevated risk.

The scorecard is presented as an interim mechanism to report risk status. The ERM team is currently onboarding new Enterprise Risk Management software which will be utilized by the Risk Team and Risk Owners to facilitate active monitoring of the priority risks and provide enhanced risk assessment reporting including a new CWF Dashboard which we expect to debut at the next Council meeting.

The remainder of the quarterly reporting will typically provide more detailed explanations on any risks that have a change in risk status, the reasons for the change and the actions taken to return the risk to an acceptable level. Additionally, the report will discuss any emerging risks that have been identified.

Additional Comments

The risk status for the priority risks is unchanged from the prior period. Nevertheless, we provide brief comments on two priority risks – Claim Handling and Information Security.

Claim Handling

As noted in the Claims Administration report significant progress on the implementation of the claims handling procedures continues. There are no formal notifications from any participating utility for claim payment requests from the Fund. The Administrator will continue to monitor the wildfires from the prior seasons in 2019 – 2021.



Information Security

As noted previously, cyber risk continues to be elevated generally as evidenced by the Log4Shell vulnerability that was widely reported in early December 2021. Log4Shell is a common component of many Java programs which is one of the most used program languages. CEA's InfoSec team immediately began tracking the issue when it was reported. CEA ran updated scanning modules daily and worked with our technology and security vendors to identify and fix any systems that could be impacted.

CEA has controls in place to mitigate this risk including increased staff training programs and extensive software and consulting services to help CEA protect the confidentiality, integrity and availability of CEA systems, networks and information assets used to administer the Wildfire Fund. Consequently, and as indicated on the scorecard, CEA assesses this risk as low.

Emerging Risks

The ERM Committee meets monthly to discuss risk status and tasks each Risk Owner with identifying emerging risks in their area. We have not identified any newly emerging risks for this reporting period.

CONCLUSION

As previously noted, the CEA's existing ERM framework is agile and can accommodate the risks associated with the administration of the Wildfire Fund, most of which are the same or analogous to the risks that the CEA has been managing for many years. As noted above, the ERM team is currently onboarding new Enterprise Risk Management software to further improve the ERM program. We plan to debut a new CWF dashboard along with draft risk appetite and tolerance statements at the next Council meeting.

ERM Risk Scorecard – January 2022

Priority Risk	Risk Definition	Risk Status After Risk Treatment	Outlook	Activity / Comments
Business Continuity	Inability to operate or achieve business objectives due to failed or inaccessible systems.	Medium	Positive	The Business Impact Analysis is nearing completion
Claim Handling	Issues, conflicts, or delays arising from or associated with IOU claims management.	Medium	Positive	Claims handling development continues
Financial Reporting	Inaccurate financial accounting or reporting or inadequate controls that result in a material error in published financial statements.	Low	Stable	
Information Security	Loss due to unauthorized access, use, disclosure, disruption, modification, inspection, recording or destruction of information and/or accessibility of IT systems.	Low	Stable	
Investments	Losses to the Fund due to failure to adhere to established investment guidelines and/or performance objectives not achieved.	Low	Stable	
Legal - Compliance and Litigation	Harm to the Wildfire Fund resulting from (a) disputes with third parties, (b) regulatory/legislative enforcement actions, and/or (c) compliance lapses.	Low	Stable	
Legislative	Legislative, regulatory, or political actions that materially change the Wildfire Fund Administrator and/or Council's ability to fulfill its current obligations or mission.	Low	Stable	

ERM Risk Scorecard – January 2022

Priority Risk	Risk Definition	Risk Status After Risk Treatment	Outlook	Activity / Comments
Wildfire Modeling	Distorted or incorrect evaluation of Wildfire Fund durability due to invalid, inaccurate or outdated methods or assumptions in external or internal Wildfire models.	Medium	Stable	As previously reported, we expect the risk status to remain as medium as the models continue to develop.
Reputation	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.	Low	Stable	
Risk Transfer	Reasonably priced risk transfer products are not available when needed.	Low	Stable	
Wildfire Mitigation Activities	Durability of the Wildfire Fund is dependent on successful mitigation activities which are outside the direct control of the CEA as Wildfire Fund Administrator, but that must be monitored.	Low	Stable	
Workforce	Adverse impacts to the administration of the Wildfire Fund that occur due to a workforce issue or constraint at the CEA	Low	Stable	