

## CALIFORNIA CATASTROPHE RESPONSE COUNCIL MEETING MINUTES

**Date:** Thursday, May 1, 2025

**Time:** 1:00 PM

**Location:** 400 Capitol Mall, Suite 670, Sacramento, CA 95814 & via Zoom/Teleconference  
(Meeting ID 878 7139 5224)

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

Vice Chair Paul Rosenstiel called the meeting to order at 1:03 PM.

Susan Johnson (CEA Governance Liaison) conducted roll call and confirmed quorum.

#### **Roll Call**

<u>Council Member</u>	<u>Attendance</u>
Mark Ghilarducci, Chair, designee of Governor Gavin Newsom	Remotely via Zoom beginning at 0:22:00 mark
Paul Rosenstiel, Vice Chair, Public Member	In Person
Michael Martinez, designee of Insurance Commissioner Ricardo Lara	In Person
Bryan Cash, designee of Secretary of Natural Resources Wade Crowfoot	In Person
Tracy Van Houten, appointee of the Speaker of the Assembly	In Person
Kathleen Ritzman, appointee of the Senate Committee on Rules	Remotely via Zoom
Rhoda Rossman, Public Member	In Person

**Council Members Absent:** Khaim Morton (designee of State Treasurer Fiona Ma), Catherine Barna (Public Member)

**CEA Staff Present:** Tom Welsh (Chief Executive Officer), Shawna Ackerman (Chief Risk and Actuarial Officer), Tom Hanzel (Chief Financial Officer), Susie Hernandez (Legislative Director), Suman Tatapudy (General Counsel), Susan Johnson (Governance Liaison)

**Public Attendees:** Members of the public attended in person, and via Zoom/Teleconference.

**2. Minutes: Review and approve the minutes of the February 13, 2025, meeting of the Council.**

The draft minutes from the February 13, 2025 meeting were reviewed.

**Motion:** Ms. Van Houten moved to approve the minutes; Ms. Rossman seconded.

No public comment was received.

**Outcome:** Motion passed by roll call vote.

**3. Administrator's Report & Council Discussion: CEA Staff will facilitate a discussion with Council Members and Stakeholders on the following topics:**

**A. Eaton Fire Update**

**1. Ongoing investigation of cause – Timing unknown**

- Cause remains under investigation by the Los Angeles County Fire Department.
- Under AB 1054 (the legislation that created the Wildfire Fund) there are two triggers for a fire to become a “covered wildfire” for purposes of the Wildfire Fund: (1) the governmental entity charged with investigating the cause of a wildfire determines if a participating utility company’s infrastructure, equipment, or operations were involved in the ignition; or (2) the settlement of litigation against a participating utility company that was asserted to have caused the wildfire, results in a court-approved dismissal of the case. These are independent triggers, and the second trigger could happen before the official investigation into the cause of the wildfire concludes.
- Ongoing litigation noted against Southern California Edison (SCE). As of the date of this meeting, none of these lawsuits have resulted in settlements.

**2. Investor solicitations to insurance industry to buy Eaton-related subrogation claims**

- Hedge funds buying insurance subrogation rights could negatively affect Fund durability.

**Motion:** Mr. Rosenstiel moved to direct Administrator staff to prepare a letter, in collaboration with the Council, consistent with the comments of council members during the meeting, reflecting the Council’s sentiment that they want to make sure most of the Fund is going directly to wildfire recovery efforts and not to third-party actors. Ms. Rossman seconded.

No public comment was received.

**Outcome:** Motion passed unanimously by roll call vote.

**B. Administrator Enhancements and Updates**

**1. Liquidity Management – Increase liquidity of claim-paying capacity resources through realizing investment gains**

- Fund’s current investment portfolio has over \$13 billion of assets.

- Sold \$4 billion of securities focused on maturity of two years and greater that had an unrealized gain position or had a nominal unrealized loss position that could be offset; \$15 million net investment gain realized.
  - Fund has over \$8 billion of securities sitting within two years, a vast majority of it obtained in six months.
- 2. Claims Procedures – Potential amendments to Claims Administration Procedures to address the evaluation and prioritization of investor-owned subrogation claims and structures for pre-approved “Direct Payments for Community Recovery Programs” following the occurrence of covered wildfires**
- Overview of proposed amendments to: (1) implement lessons learned from CEA’s experience reviewing eligible claims from the Dixie Fire; (2) better protect the Fund’s durability to protect against investor-driven subrogation; (3) enhance community payments.
  - Public Comment: Kelly Smith attended in-person. Ms. Smith’s full public comment is attached to these minutes.
- 3. Wildfire Fund Durability Initiative – Evaluating alternatives for extending Fund durability**
- The Administrator has a statutory duty to maximize the claim payment capacity of the Fund (PUC §3281).
  - Administrator has re-engaged the consulting team of the subject matter experts who assisted in the creation of AB 1054 to aid in policy discussions with the Governor’s Office, the Legislature, and Stakeholders. This Initiative is anticipated to continue through the 2025 Session of the Legislature.

### **C. State Legislative Report**

- Overview of the 2025-26 California State Legislative Session.
  - Administrator staff are tracking a number of bills introduced related to wildfire. As of the date of this meeting, there are no bills in their current form proposing specific amendments to the statutes governing the Fund.
- 4. 2025 Budget Augmentation: CEA Chief Financial Officer Tom Hanzel will present an update to the Wildfire Fund 2025 budget and approval of augmentations to the budget to support the Wildfire Fund Durability Initiatives.**

Presentation of the proposed \$39,298,193 budget augmentation to the 2025 Wildfire Fund budget.

Key Items:

- \$90 million reserve for the Kincade Fire.
- Additional \$4.5 million for the durability initiatives.
- \$80k for legal expenses.

**Motion:** Ms. Van Houten moved to approve the staff recommendation; Mr. Martinez seconded.

No public comment was received.

**Outcome:** Motion passed unanimously by roll call vote.

**5. Claims Administration Update: CEA Chief Insurance and Claims Officer George Sittner will provide an update on Claims Administration for PG&E's two covered wildfires that have resulted in eligible claims, Dixie (2021) and Kincade (2019).**

Ms. Tatapudy and Mr. Welsh provided the update in Mr. Sittner's absence.

Key Items:

- Mosquito Fire (undergoing investigation) – PG&E estimates losses in excess of \$100 million as of March 31, 2025.
- Dixie Fire – PG&E estimates losses in excess of \$1.925 billion and recorded an aggregate Fund receivable of \$925 million for probable recoveries as of March 31, 2025.
  - June – December 2024 reimbursements totaled \$349,904,107.
- Kincade Fire – PG&E estimates losses in excess of \$1.275 billion as of March 31, 2025.
  - Administrator currently anticipates about \$110 million from the Fund after applying the statutory 40% limitation for fires that ignited when a participating utility was the subject to an insolvency proceeding.
- Eaton Fire (under investigation) – fire originated in SCE's servicing territory.
- Administrator staff are working on a wind-up plan for the eventual exhaustion of the Fund. That plan will be shared with the Council at a future meeting.

**6. Financial Report: Mr. Hanzel will provide the Council with a financial report on the Wildfire Fund as of March 31, 2025.**

Mr. Hanzel presented financials as of March 31, 2025:

- Balance Sheets:
  - Total assets increased YoY by approximately \$1.5 billion, or 13.0%.
  - Total deduction to Fund assets driven by losses: \$415 million related to the change in losses YoY.
  - Fund's Total Net Position as of March 31, 2025: \$13 billion
- Statements of Revenues, Expenses, and Changes in Net Position:
  - \$515 million of additions to Fund assets, \$200 million related to non-bypassable charges (NBCs).
  - ~\$140 million of loss payments during the first quarter
- Contributions and NBCs Received:
  - \$207 million of NBC funds received in the first 3 months of 2025.
  - NBC funds received are net of the DWR administrative and operating expenses (A&O). For the first two months of fiscal year 2025, the DWR incurred \$553k of A&O expenses and retained \$1.7 million of funds in the DWR Charge Fund to pay future A&O expenses.
- Investment Analysis:

- Total portfolio market value for March 2025 was \$13.21 billion with an average duration of 2.07 years and average credit ratings of “AA.”
- Increased investment in US Treasury and Agency and decrease in investments in Corporations but the portfolio is still spread across the board.
- Since last year, Duration was brought down from 3.4 years to 2.1 today, which is anticipated to get brought down further.

**7. Public Comment: Public comment on matters within the California Catastrophe Response Council’s subject matter jurisdiction that do not appear on this Agenda. Please note that while the Council may hear general public comments on matters within its subject matter jurisdiction, Council members may not otherwise deliberate, including providing substantive comments in response to, any matter not specified on this Agenda.**

The Vice Chair opened the floor for public comment.

No additional comments were received.

**8. Adjournment.**

The meeting was adjourned at 2:56 PM.

CALIFORNIA EARTHQUAKE AUTHORITY  
WILDFIRE FUND ADMINISTRATOR

PUBLIC MEETING OF THE  
CALIFORNIA CATASTROPHE RESPONSE COUNCIL

PARTIAL TRANSCRIPT -  
PUBLIC COMMENT RECEIVED DURING THE MEETING

HOSTED BY THE CALIFORNIA EARTHQUAKE AUTHORITY  
400 CAPITOL MALL  
SUITE 670  
SACRAMENTO, CALIFORNIA

THURSDAY, MAY 1, 2025  
1:00 P.M.

Recorded by: Rebecca Hudson

APPEARANCESCalifornia Catastrophe Response Council Members:

\*Mark Ghilarducci, Chair, designee of Governor Gavin Newsom

Michael Martinez, designee of Insurance Commissioner  
Ricardo Lara

Bryan Cash, designee of Secretary of Natural Resources Wade  
Crowfoot

Tracy Van Houten, appointee of the Speaker of the Assembly

\*Kathleen Ritzman, appointee of the Senate Committee on  
Rules

Paul Rosenstiel, Vice Chair, Public Member

Rhoda Rossman, Public Member

\*Participated remotely

Members of the CEA staff in attendance:

Tom Welsh, Chief Executive Officer

Shawna Ackerman, Chief Risk and Actuarial Officer

Tom Hanzel, Chief Financial Officer

Susie Hernandez, Legislative Director

George Sittner, Chief Insurance and Claims Officer

Suman Tatapudy, General Counsel

Susan Johnson, Governance Liaison

Members of the Public Offering Comment

Kelly Smith

PROCEEDINGS

3:31 p.m.

**3.B.2. Claims Procedures - Potential amendments to Claims Administration Procedures to address the evaluation and prioritization of investor-owned subrogation claims and structures for pre-approved "Direct Payments for Community Recovery Programs" following the occurrence of covered wildfires**

MS. SMITH: Hi, Kelly Smith. Paul and I worked together on AB 1054. I staffed it for Assembly Member Chris Holden some years ago.

I am now here today on behalf of the L.A. Fire Justice and the victims of the Eaton Fire.

And a lot of the discussion here had a whole lot of focus on insurance and prioritizing based on business needs. But we have a lot of folks down there who have no insurance, or don't have enough insurance. And so some of the comments you've made about focusing and pushing the utilities to pursue reimbursements in a certain priority are very concerning. And I would ask that if we could get a copy of that. One of the downsides about not being at a meeting -- on Zoom is that I couldn't quickly screenshot that language. So we would like to see it and hopefully we can participate in socialization of that too.

We do have a very large community outreach. We



1 are helping people with their claims, et cetera. Based  
2 with -- our office is based in Pasadena and want to be sure  
3 that we are a part of this discussion going forward. Thank  
4 you.

5 (The meeting continued but was not transcribed.)

6 (The meeting was adjourned at 2:56 p.m.)

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## CERTIFICATE OF REPORTER

I, REBECCA HUDSON, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing meeting of the California Catastrophe Response Council and thereafter transcribed the recording.

I further certify that I am not counsel or attorney for any of the parties in this matter, or in any way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of May, 2025.

  
REBECCA HUDSON

## CERTIFICATE OF TRANSCRIBER

I, RAMONA COTA, a Certified Electronic Reporter and Transcriber, certify that the foregoing is a correct transcript, to the best of my ability, from the electronic recording of the proceedings in the above-entitled matter.



May 7, 2025

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