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Notice Publication Date: April 21, 2025

PUBLIC NOTICE

A PUBLIC MEETING OF THE CALIFORNIA CATASTROPHE RESPONSE COUNCIL

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

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

DATE: May 1, 2025 TIME: 1:00 p.m.

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

TELECONFERENCE ACCESS:

By Computer (Open the Zoom* App, or navigate to www.zoom.com):

Enter Meeting ID: 878 7139 5224

Direct Link: https://us02web.zoom.us/j/87871395224

By Phone: 1 (669) 900-6833 **Enter Meeting ID**: 878 7139 5224

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

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

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

ACCESSIBILITY FOR DISABLED PERSONS: The CEA complies with the Americans with Disabilities Act (ADA) by ensuring that the meeting facilities are accessible to persons with disabilities, and providing this notice and information given to the members of the California Catastrophe Response Council in appropriate alternative formats when requested. If you need further assistance, including disability-related modifications or accommodations, you may contact CEA's ADA Coordinator no later than five calendar days before the meeting at (916) 661-5400, or by email to <a href="meeting-eeological-ee

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

For further information about this notice or its contents:

Agenda Information:

Suman Tatapudy General Counsel (916) 330-0577 (Direct) Toll free: (877) 797-4300 statapudy@calquake.com

Media Contact: (279) 203-5998

media@calquake.com

General Meeting Information:

Susan Johnson Governance Liaison (916) 397-6595 (Direct) Toll free: (877) 797-4300 sjohnson@calquake.com To view this notice on the California Wildfire Fund website and to access meeting materials, please visit https://www.cawildfirefund.com/council

AGENDA

- 1. Quorum: Call to order and member roll call:
 - Governor
 - Treasurer
 - o Insurance Commissioner
 - Secretary for Natural Resources
 - Tracy Van Houten, Appointee of the Speaker of the Assembly
 - Kathleen Ritzman, Appointee of the Senate Rules Committee
- Paul Rosenstiel, Public Member appointed by the Governor
- Rhoda Rossman, Public Member appointed by the Governor
- Catherine Barna, Public Member appointed by the Governor

Establishment of a quorum

- 2. Minutes: Review and approve the minutes of the February 13, 2025, meeting of the Council.
- 3. <u>Administrator's Report & Council Discussion</u>: 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
 - 2. Investor solicitations to insurance industry to buy Eaton-related subrogation claims
 - B. Administrator Enhancements and Updates
 - 1. Liquidity Management Increase liquidity of claim-paying capacity resources through realizing investment gains
 - 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
 - 3. Wildfire Fund Durability Initiative Evaluating alternatives for extending Fund durability
 - C. State Legislative Report
- 4. <u>2025 Budget Augmentation</u>: 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.
- 5. <u>Claims Administration Update</u>: 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).

- 6. <u>Financial Report</u>: Mr. Hanzel will provide the Council with a financial report on the Wildfire Fund as of March 31, 2025.
- 7. <u>Public Comment</u>: 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.
- 8. Adjournment.



California Catastrophe Response Council Memorandum

May 1, 2025

Agenda Item 2: Meeting Minutes

Recommended Action: Approve Minutes of February 13, 2025 Meeting

Attached are draft minutes of the California Catastrophe Response Council (Council) meeting held on February 13, 2025. CEA staff has reviewed these minutes and believe that they accurately summarize and document the matters discussed and actions taken by the Council at this meeting.

CEA staff recommends approval and adoption of the draft minutes as the official record of the Council's February 13, 2025 meeting.

DRAFT CALIFORNIA CATASTROPHE RESPONSE COUNCIL MEETING MINUTES

February 13, 2025 2:00 p.m.

Location: 400 Capitol Mall, Suite 670

Sacramento, CA 95814

Members of Council in attendance:

Mark Ghilarducci, Chair, designee of Governor Gavin Newsom
Lisbeth Landsman-Smith, 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
Paul Rosenstiel, Vice Chair, Public Member
Rhoda Rossman, Public Member*
Catherine Barna, Public Member*

Members Khaim Morton, designee of State Treasurer Fiona Ma, and Kathleen Ritzman, appointee of the Senate Committee on Rules, were unable to attend.

Members of the CEA staff in attendance:

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

[Note: Agenda Item 9 was taken out of order. These minutes reflect these Agenda Items as listed on the agenda and not the order in which they were actually taken during the meeting.]

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

Chair Mark Ghilarducci called the meeting of the California Catastrophe Response Council (CCRC or Council) to order at 2:04 p.m.

Ms. Johnson called the roll and announced that a quorum was present.

Mr. Cash asked permission to participate remotely for this meeting as his doctor diagnosed him with the flu yesterday.

Chief Executive Officer Tom Welsh stated, under the rules, a majority of members must be physically present at the meeting location for the meeting to proceed. Because Mr. Cash seeks to participate remotely due to illness/medical condition, he can do so, and his remote attendance can be counted toward the in-person majority as long as the

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^{*}Participated remotely.

Council approves the exception. He noted that the approval of Mr. Cash's remote participation will establish the necessary in-person majority requirement for this meeting.

The Council unanimously approved Mr. Cash's remote participation based on his illness/medical condition for today's meeting.

2. <u>Minutes</u>: Review and approve the minutes of the November 14, 2024, meeting of the Council.

MOTION: Ms. Van Houten moved to approve the November 14, 2024, minutes of the California Catastrophe Response Council. Mr. Rosenstiel seconded. There was no public comment on the motion. The motion passed unanimously by roll call vote.

- 3. <u>Executive Report</u>: Tom Welsh, Chief Executive Officer, and CEA Executive Staff will provide a report on the following topics:
 - A. January 2025 Southern California Wildfires Recap of the wildfires and discussion of the CEA's wildfire monitoring and reporting protocols.

Mr. Welsh introduced this Agenda Item and asked his team to give their presentations.

George Sittner, Chief Insurance and Claims Officer, provided a slide presentation overview of the January 2025 Southern California wildfires and their impacts, wildfire monitoring and reporting, and the Quarterly Claims Report. He reviewed key wildfires and loss estimates that the California Earthquake Authority (CEA or Administrator) continues to monitor, including the Mosquito, Dixie, Zogg, and Kincade Fires.

Discussion

Ms. Rossman asked about the timeframe of the investor-owned utility company (IOU) involvement and causation investigation.

Mr. Sittner stated the Administrator is not a part of that investigation so the timeframe is unknown. He stated that it took about six months for a causation determination for the Dixie Fire, but there have been times that causation took longer or shorter, and instances where causation has never been determined.

Vice Chair Rosenstiel asked how the \$1 billion is measured and how multiple fires impact that amount.

General Counsel Suman Tatapudy stated the \$1 billion is in the aggregate per IOU per coverage year. Claims from covered wildfires can be aggregated over a single coverage year that all contributes to the \$1 billion threshold.

B. General discussion of Wildfire Fund Administration:

1. The purpose and function of the Wildfire Fund, and the roles of the Administrator and CCRC; and

Mr. Welsh provided a slide presentation overview of the purpose and function of the California Wildfire Fund (CWF or Wildfire Fund), the Legislature's stated goals, the duties and responsibilities of the Administrator, and the powers and authority of the Council. He stated the Administrator continues to look for opportunities within the claims

procedures to manage claims and liabilities to optimize its ability to meet the legislative purposes of Assembly Bill (AB) 1054 that created the Wildfire Fund in 2019.

2. Wildfire Fund Liquidity Management and Claim-Paying Capacity.

Chief Financial Officer Tom Hanzel provided a slide presentation overview of the investment portfolio, maturity structure and liquidity, and claim-paying capacity of the Wildfire Fund. He stated the current total portfolio has a \$12.6 billion market value. He noted that, as of the end of 2024, after reserving for reported Dixie Fire claims, aggregate claim paying capacity exceeded \$21 billion.

C. Forward-Looking Administration Activities.

Mr. Welsh stated, while it is too early to assess the long-term impact of the January Southern California wildfires on the Wildfire Fund, these wildfires have generated intense interest in the Wildfire Fund, its durability, and its ability to continue meeting its legislative and public policy purposes. Eligible claims from covered wildfires will determine the Wildfire Fund's future. The Administrator is continuing its work on long-range planning, including collaborating with policymakers, the IOUs, and other stakeholders, and will be playing a vital role in any initiatives that may impact the Wildfire Fund.

Mr. Welsh suggested scheduling an additional Council meeting on May 8, 2025, because of the intense policy discussions currently occurring due to the January 2025 Southern California wildfires. He stated staff will work to secure a date that works with most Council members.

Discussion

Ms. Van Houten asked for a standing agenda item updating the Council on any legislation that contains the word "wildfire." She also asked for a simple Council introduction letter that could be sent to legislators that points out that the CEA is the effective and competent Administrator of the Wildfire Fund.

Vice Chair Rosenstiel asked if information about the roles of the Council and Administrator could be included any education materials or letters put out by staff.

Chair Ghilarducci asked staff to draft a letter from the Council to members of the Legislature.

Ms. Van Houten asked for a future agenda item to hear from pre-2019 fire victim advocates as an educational repository for stories.

Chair Ghilarducci asked the General Counsel if it is within the authority of the CCRC to agendize an item to hear pre-2019 public comment, which is outside the scope of the Wildfire Fund.

Ms. Tatapudy agreed that there may be legal issues with agendizing something that is outside the subject matter jurisdiction of the Council. She stated she will research this issue.

Mr. Rosenstiel suggested, if this conversation is agendized, expanding it to include a thorough presentation on why the victims of the pre-2019 wildfires got into this situation, which is because PG&E was in bankruptcy.

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Chair Ghilarducci stated he agreed with the concept of providing time during public comment for individuals to share stories of IOU-caused fires pre-2019 for educational purposes, but noted that many variables are associated with wildfire losses. He asked to move Agenda Item 9, the General Public Comment section, up to give the public time to share their stories.

4. Claims Administration Update – George Sittner, Chief Insurance and Claims Officer, will update the Council on the status of administering PG&E's claim arising from the Dixie Fire, and wildfire monitoring for prior wildfire seasons.

Mr. Sittner provided a slide presentation overview of the implementation of wildfire fund claims administration procedures for the Dixie Fire:

Claims Review Services Scope of Work and Timeline

- PG&E has reached the \$1 billion paid claims threshold amount (mid-June 2024).
- Sedgwick Claims Management (Sedgwick) notified the CEA that upon completion of the Threshold Claim Review, a conclusion was reached that claims paid to reach the threshold amount of \$1 billion were settled using Reasonable Business Judgment, as defined in the Procedures.
- Sedgwick has also reviewed Eligible Claims paid in June of 2024, and has found those claims met the Reasonable Business Judgment standard, and CEA has reimbursed PG&E.
- Payments have been made to PG&E for Eligible Claims paid a total of \$257 million from June 2024 to October 2024.
- PG&E, per its 3rd Quarter 2024 SEC 10-Q quarterly report filing, has reported an estimated \$1.925 billion in aggregate liability related to the Dixie fire. This estimate does not include state and federal fire suppression costs.

Discussion

Chair Ghilarducci asked for verification that the process with the IOUs has gone relatively smoothly and the quality of the data received is timely.

Mr. Sittner stated the claim work is high quality and includes more documentation than is normally seen in claim files.

Chair Ghilarducci asked how the Federal Emergency Management Agency (FEMA) enters into the process, including the duplication of benefits issue.

Mr. Sittner stated FEMA has not yet put in an interest claim.

Chair Ghilarducci asked if staff has proactively worked with the IOUs to ensure that the claim-paying process goes smoothly.

Mr. Sittner stated he meets with the IOUs regularly. They are well aware of the process and the steps it will take.

5. Enterprise Risk Management (ERM) – Shawna Ackerman, Chief Risk and Actuarial Officer, will report on CEA's ERM program.

Chief Risk and Actuarial Officer Shawna Ackerman provided a slide presentation overview of the Risk Assessment Scorecard, legislative monitoring, mitigation, and IT systems and data security. She stated the quarterly status for each priority risk on the Scorecard was unchanged from the November 2024 report to the Council, except that the inherent risk score for reputation was changed to high, based on increased interest in the Fund. All IOUs have received their safety certification as of December 2024.

There were no questions from Council Members and no public comment.

6. <u>Financial Report</u> – Tom Hanzel, Chief Financial Officer, will provide the Council with a financial report on the Wildfire Fund as of December 31, 2024.

Mr. Hanzel provided a slide presentation overview of the financial report as of December 31, 2024.

Balance Sheets:

- Total assets increased year-over-year by approximately \$1.4 billion, to approximately \$12.9 billion at the end of the year.
- The Wildfire Fund's Total Net Position increased year-over-year by approximately \$1.3 billion, to approximately \$12.2 billion at the end of the year.

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

- The Total Additions to Fund Assets was approximately \$1.5 billion this year, after the prior year of approximately \$1.7 billion.
- The Total Deductions to Fund Assets was approximately \$278 million this year, after the prior year of approximately \$850 million, for a Total Net Position of approximately \$12.2 billion at the end of the year.

Contributions and NBCs Received – from inception through 12-31-2024:

 Approximately \$13.1 billion of proceeds have been received from the IOUs and ratepayers as of the end of the year.

Investment Analysis:

- The Income Return Net of Fees increased this year to 2.84 percent, as compared to 2.53 percent for the prior year, due to the reinvestment of maturities into higher-yielding securities.
- The duration continues to increase and ended the year at 3.69 years.

There were no questions from Council Members and no public comment.

7. <u>Proposed 2025 CWF Budget</u>: Mr. Hanzel will seek approval of the proposed 2025 California Wildfire Fund Budget.

Mr. Hanzel provided a slide presentation overview of the budget process and proposed budget for 2025. He stated approximately \$611 million of paid wildfire claims is estimated for this year. \$169 million of wildfire claims were paid last year. Personnel Expenses and General and Administrative Expenses were approximately \$2.79 million for this year, as opposed to \$2.72 million last year.

Staff Recommendations:

- Approve the proposed 2025 CWF budget as presented; and
- Direct staff to operate the CWF business within the total approved budget amounts.

Discussion

Vice Chair Rosenstiel stated the Department of Water Resources (DWR) costs are only included as an asterisk item for the Rate Payer Monthly non-bypassable charges (NBCs), Net Line Item. He stated it may be more useful to the Council to see the gross NBCs year-by-year for the DWR, rather than the net.

Ms. Van Houten agreed. She asked if the Personnel Expenses Line Item takes the enhanced impact of the January Southern California fires into consideration.

Mr. Hanzel stated the budget slides were made prior to the January fires. A revised budget will be presented to the Council in May, if necessary.

MOTION: Ms. Landsman-Smith moved to approve the staff recommendations. Ms. Barna seconded. There was no public comment on the motion. The motion passed unanimously by roll call vote.

8. <u>Administrator Evaluation</u>: Mr. Welsh will ask the Council to appoint one CCRC member to review the 2024 Wildfire Fund evaluation form to be distributed to members.

Mr. Welsh asked for a volunteer to work with staff to ensure the right questions are being asked in a survey to be subsequently sent to the Council.

Ms. Van Houten volunteered to review the 2024 Wildfire Fund evaluation form.

[Note: Agenda Item 9 was taken out of order and was heard before Agenda Item 4.]

9. 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.

Lauren Weetman attended virtually. Ms. Weetman's full public comment is attached to these minutes.

10. Adjournment.

Ms. Van Houten asked to adjourn the meeting in honor and in memory of the 29 individuals who lost their lives in the Eaton and Palisades Fires.

Chair Ghilarducci thanked everyone and adjourned the meeting at 3:51 p.m.

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, FEBRUARY 13, 2025 2:00 P.M.

Recorded by: Rebecca Hudson

APPEARANCES

California Catastrophe Response Council Members:

Mark Ghilarducci, Chair, designee of Governor Gavin Newsom

Lisbeth Landsman-Smith, 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

Paul Rosenstiel, Vice Chair, Public Member

Rhoda Rossman, Public Member*

Catherine Barna, 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

George Sittner, Chief Insurance and Claims Officer

Suman Tatapudy, General Counsel

Susan Johnson, Governance Liaison

Members of the Public Offering Comment

Lauren Weetman*

*Participated remotely

PROCEEDINGS

2 3:17 p.m.

9. 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.

LAUREN WEETMAN: Hi. Thanks for the time. I just wanted to ask about any mechanisms to kind of replenish the Fund or how you guys would think about to the extent that damages or anything were to happen that would kind of exceed the current amount either funded or the overall sort of cap. How you would think about kind of the future of the fund?

CHAIR GHILARDUCCI: Great question.

Tom or Tom?

MR. WELSH: I will try to address that. One of the challenges that we have with public comment is always making sure that it's something that is agendized. And so, we certainly, Ms. Weetman, would be happy to hear any thoughts that you have as public comment about that topic so that we can put them on the record and the Council can

be aware of them.

We can't really use this forum to deliberate or discuss topics that we haven't properly agendized because we have to follow rules related to open meetings, but, please, if you have thoughts about that, feel free to share them with the Council.

 $\,$ MS. WEETMAN: I'll defer to the experts for that one for now, but I appreciate the time.

(The meeting continued but was not transcribed.)
(The meeting was adjourned at 3:51 p.m.)

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ALL AMERICAN REPORTING

(916) 362-2345

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 19th day of February, 2025.

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California Catastrophe Response Council Memorandum

May 1, 2025

Agenda Item 3: Administrator Report & Council Discussion

Recommended Action: Discussion Item

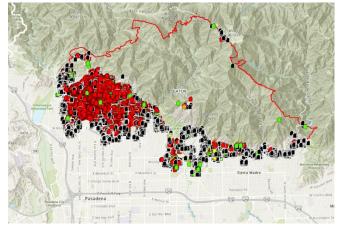
The January 2025 Southern California Wildfires are expected to emerge as the costliest wildfires in U.S. History, with current loss estimates of up to \$45 billion. The ultimate cost of these wildfires will not be known for many years, but the final number is certain to eclipse the approximately \$12 billion in loss from the 2018 Camp Fire. The significance and impact of the event on California, and potentially on the Wildfire Fund, prompted the scheduling of this additional meeting of the California Catastrophe Response Council to facilitate a discussion on and understanding of the ways in which the event may impact the administration of the Wildfire Fund. No final cause determination has been made on either of the two major fires – Palisades and Eaton – but the Eaton fire has the greatest potential to impact the Wildfire Fund given that it ignited within the service territory of Southern California Edison (SCE).

A. Eaton Fire Update

According to CAL FIRE data, the Eaton fire in the Altadena area burned more than 14,000 acres, destroyed 9,414 structures (residential & commercial), and damaged 1,000

more. The fire resulted in 18 deaths and 9 firefighter injuries.*

The cause of the fire remains under investigation. Recent news reports and allegations in lawsuits are pointing to the potential that idle, unconnected SCE transmission lines became energized through induction. (See, e.g., **Attachment 3.A**).



*(https://www.fire.ca.gov/incidents/2025/1/7/eaton-fire)



In addition to media speculation, the Eaton fire has also attracted opportunistic, profit-driven investment speculation. Hedge Funds and other speculators are actively seeking to profit from California's devastating wildfire catastrophes by purchasing subrogation rights from the insurance companies that are currently paying out on insurance claims. These hedge fund investors are particularly motivated to buy Eaton-related subrogation claims at values below 50% with the anticipation of turning outsized profits by seeking upwards of 80% or greater recoveries from SCE. The profit-driven, inflated settlement levels that the investors will seek from SCE (should it be determined to have caused the Eaton fire) creates the potential to increase the Wildfire Funds exposure by billions of dollars above what might be paid directly to the California insurers that are currently assisting in the recovery and rebuilding efforts by administering and paying their customers' claims.

Advisory firms assisting these investors are soliciting California insurers, including the CEA and the California FAIR Plan, with purchase offers. The CEA has received these solicitations despite the fact that CEA only insures against earthquake damage and does not cover fire losses, and apparently unaware of the CEA's role as Administrator of the Wildfire Fund. A sample of the solicitations received by the CEA are included as **Attachment 3.A(1)**.

B. Administrator Enhancements and Updates

Regardless of whether and/or when the Eaton Fire become a "covered wildfire" that creates exposure to the Wildfire Fund, the January 2025 Southern California Wildfires has prompted the CEA to take actions and consider other activities to optimize administration of the Wildfire Fund and to seek ways to extend its durability. Each of the following activities will be discussed during this meeting:

- 1. <u>Liquidity Management</u> Increasing the liquidity of claim-paying resources through realizing investment gains on strategic trades.
- 2. <u>Claims Procedures</u> The consideration of potential amendments to the Wildfire Fund Claims Procedures to address the evaluation and prioritization of investorowned subrogation claims, among other items.
- 3. <u>Wildfire Fund Durability Initiative</u> The CEA has undertaken a significant project to evaluate alternatives for extending the durability of the Wildfire Fund in the face of potential large losses. Related to this, the CEA continues its work to



develop a clear plan to undertake an eventual "wind-up" of the Wildfire Fund, if and when eligible claims incurred from covered wildfires exhaust the Fund's available claim-paying capacity.

C. State Legislative Report

The CEA is tracking a number of bills introduced in the California Legislature that have the potential to impact the Wildfire Fund, although none of the bills in their current form propose specific amendments to AB 1054 or any of the statutes that directly govern the Wildfire Fund. However, it remains early in the legislative process and any number of these or other bills could be subsequently amended in a way that would impact the Wildfire Fund. The CEA's close legislative monitoring will continue through the end of the Session on September 12 (and ultimately through October 12, 2025, which is the last day for the Governor to sign any bills passed by the Legislature. A 10-page chart listing the bills currently being tracked is included as **Attachment 3.C**.

Los Angeles Times

Los Angeles fires Mapping the damage Help for Angelenos How to help Fire preparation new

CALIFORNIA

Edison says dormant powerline is a leading theory for cause of Eaton fire



Investigators examine electrical transmission towers near the origin of the deadly Eaton fire in Eaton Canyon in February. (Allen J. Schaben/Los Angeles Times)

By Salvador Hernandez Staff Writer

April 11, 2025 Updated 8:01 PM PT

 Edison will take steps to harden idle transmission towers and lines across its network to guard against possibile reenergizing events.

- Those measures include conducting additional field inspections, reviewing past inspections, and making changes in an internal maintenance manual.
- The investigation continues.

The possibility that an idle, unconnected Southern California Edison transmission line somehow reengerized on Jan. 7 is "a leading hypothesis" for what started the destructive Eaton fire, Edison International Chief Executive Pedro Pizarro said Friday.

In response, Edison will take steps to harden other idle towers and lines across its network to prevent reenergizing incidents. Those measures include conducting additional field inspections, reviewing past inspections, and making changes in an internal maintenance manual that instruct crews on how to properly ground the idle equipment.

In a Friday interview with The Times, Pizarro said the actions were being taken out of "an abundance of caution." He also stressed that the company is still exploring all possibilities into what caused the fire. However, current evidence — including videos and data from the lines — suggests the possibility that the idle equipment was reenergized through a phenomenon called induction and sparked the Jan. 7 inferno.

"Induction seems to be a key thing to be looking at here because the idle line was not connected to any equipment," Pizarro said. "It had no direct source of power. It was like an extension cord sitting on your floor, not connected to the wall."

Induction occurs when the magnetic field of another active line nearby induces an electric current in the unconnected line. It is considered rare, but has been raised as a possibility by attorneys who have since sued Edison on behalf of residents who lost their homes in the fire.

Now, the utility is exploring it as a leading theory and also ensuring that similar idle equipment is properly grounded, so that sudden power surges can be safely dissipated into the earth.

"We have to look at everything," Pizarro said. "Given that there was video of the flashing and the fire starting apparently around the idle transmission tower, and given that that line it was holding was not connected to anything, then induction becomes a leading hypothesis."

Edison reported to the state's regulatory commission that four of its lines over Eaton Canyon saw a momentary <u>surge of electrical current</u> at about the same time the fire ignited. In the filing, officials noted the current increase "remained within the design limits" of its circuits.

"Initially we didn't think there were dots to connect here because we had protected equipment on all our transmission lines," Pizarro said.

But video showing the initial flames of the fire appeared to be ignited under the idle tower raised serious concerns, and prompted the company to take additional steps.

As a precaution, Pizarro said, the giant utility company revised an internal manual that outlines how the idle equipment must be grounded.

At least one lawsuit filed against SCE included photos of the tower with four feet of exposed grounding wire protruding from the steep hillside.

The changes in the manual were noted in a filing with state regulators on Feb. 6. Edison had declined to provide the Los Angeles Times a copy of the changes or provide details on it for weeks, saying it was an internal document. The California Public Utilities Commission also denied a public records request from The Times to disclose the information.

On Friday, the company shared the revised section of the manual, which officials said provided uniformity into how idle Edison equipment is now to be grounded.

Rajdeep Roy, vice president of transmission operations and substations for Edison, told The Times that the revision came after the Jan. 7 fires, and it was the only change made at the time.

Before the revision, grounding procedures were determined by engineers at the time that the equipment became idle, he said. The grounding procedures were based on a case-by-case basis due to the equipment, terrain and surrounding lines.

The new policies, reviewed by The Times on Friday, provide specifications for equipment, including the type of grounding wire to be used and number of bolts required depending on the type of structure. They also differentiate between the required grounding for wood, lightweight steel poles, and lattice towers like the ones under scrutiny in Eaton Canyon.

The revision also requires grounding every two miles of idle line, in sections that are within 600 feet of a 220kV or 500kV line.

"As you look across the industry, there isn't a very clear common standard for what you do with an idle line," Pizarro said.

Edison is reviewing whether the manual changes will require the company to install additional grounding of idle lines, or change grounding equipment, Pizarro said.

He also said crews were conducting field inspections of idle equipment, and performing "desktop inspections" — a review of photographs taken during past equipment visits to check for potentially overlooked issues.

"You have folks raising all types of theories from outside the company, and it just raises questions to say, 'Let's take another look," Pizarro said.



Salvador Hernandez

Salvador Hernandez is a reporter on the Fast Break Desk, the Los Angeles Times' breaking news team. Before joining the newsroom in 2022, he was a senior reporter for BuzzFeed News, where he covered criminal justice issues, the growing militia movement and breaking news. He also covered crime as a reporter at the Orange County Register. He is a Los Angeles native.

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From: Ryder, Ronald <Ronald.Ryder@opco.com>

Sent: Friday, April 18, 2025 6:52 AM

To: Tom Welsh

Subject: \$125 Million+ Palisades Subro Claims Trading Here at Oppenheimer – Secondary

Market Update

You don't often get email from ronald.ryder@opco.com. Learn why this is important

Hi Tom,

Oppenheimer successfully traded \$125 million+ Palisades subro claims yesterday. Please see below for updates and key takeaways.

- This is the very first independent transaction in the secondary market solely for Palisades subro recovery rights.
- Prior to this transaction, all Palisades claims that have traded were coupled with an insurer's Eaton recovery rights.
- The ability for an insurer to independently monetize Palisades is a significant milestone for the secondary market
- Oppenheimer is not aware of any direct evidence pointing to a subrogatable event for the Palisades Fire.

If you have Palisades exposure, please call Oppenheimer to discuss current pricing, transaction structures, and the case for recovery, if any.

Regards,

Ron Ryder

Oppenheimer & Co. Inc. | Co-Head: Special Assets 85 Broad Street 26th Floor | New York, NY 10004 O: 212-885-4918 | M: 609-320-0970 ronald.ryder@opco.com

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From: Ryder, Ronald <Ronald.Ryder@opco.com>

Sent: Tuesday, April 15, 2025 6:56 AM

To: Tom Welsh

Subject: More LA Wildfire Subrogation Claims Trade Here at Oppenheimer, \$1 Billion+ to Date -

Secondary Market Update

You don't often get email from ronald.ryder@opco.com. Learn why this is important

Hi Tom,

Another block of LA Wildfire Subrogation claims are trading here today at Oppenheimer. There have been at least 10 transactions, to date, totaling \$1 billion+ worth of recovery rights between Eaton and Palisades.

Cited Reasons for Selling

Insurers we've worked with have cited the following reasons for choosing to monetize subro recovery rights now:

- 1. Better positioning for reinsurance treaty negotiations
- 2. Net recovery today vs. expected recovery in the future net of lawyer contingency fees
- 3. Time and resources saved
- 4. Getting ahead of future CAT events this year

Current Market Status

After 2.5 months of transactions, this is where the market currently stands at a high level:

- 1. Buyers can pay for Eaton claims on a Total Indemnity basis AND may be able to include upside-sharing
- 2. Certain buyers can pay independently for only Palisades
- 3. Buyers will assume all Made Whole Doctrine impairment risk
- 4. Timeline for price agreement to closing and funding is approximately 1-2 weeks

Please call us to discuss color on current pricing, specific transaction structures, and the case for recovery in both Eaton and Palisades.

Best,

Ron Ryder

Oppenheimer & Co. Inc. | Co-Head: Special Assets 85 Broad Street 26th Floor | New York, NY 10004 O: 212-885-4918 | M: 609-320-0970 ronald.ryder@opco.com

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From: Ryder, Ronald <Ronald.Ryder@opco.com>

Sent: Thursday, April 3, 2025 7:51 AM

To: Tom Welsh

Subject: LA Wildfire Subro Recovery Rights – Secondary Market State of the Union After 2

Months - Oppenheimer & Co.

You don't often get email from ronald.ryder@opco.com. Learn why this is important

Hi Tom,

It has been nearly two months since Oppenheimer facilitated the very first secondary market transaction for LA Wildfires Subrogation Recovery Rights. The market has continued to evolve on a weekly basis as Oppenheimer continues to actively work on these transactions. Below is a summary where things stand after two months.

Please call us to discuss all of the below in more detail.

Price Levels & Bid Structures

Eaton: 47.00% bid on a Total Indemnity basis

Palisades: 5.00% bid with an upside-sharing mechanism

NOTE - We have buyers of BOTH Eaton and Palisades independently. This means an insurer can now maximize secondary market recovery for BOTH fires. These prices are also just starting points to engage. There are multiple different factors that impact pricing positively or negatively.

Common Reasons for Selling

<u>Net Present Value ("NPV")</u>: The current pricing on Eaton in the mid-40s+ context represents an attractive NPV for insurers. If you can recover in the mid-to-high 40s today from the secondary market, that may be more attractive than recovering 60+ cents in a settlement 2-3 years from now AND having to pay out a contingency fee to a subro law firm. The latter could result in a net recovery in the low 50s years from now which would equate to a lower NPV than the current secondary market price.

<u>June 1st Reinsurance Treaty Renewals</u>: Many insurers are starting to meet with their reinsurers to discuss the June 1st Treaty Renewals. Some insurers may want to show a subro recovery ahead of the June 1st treaty renewal in order to negotiate better reinsurance rates/terms.

<u>Timing of CAT Events</u>: Many insurers are weighing exposure to existing CAT events they have no recovered subro on (e.g. Lahaina, Maui) with hail season, hurricane season, etc. As CAT events are becoming more prevalent, insurers are becoming more quick to recovery subrogation in the secondary market to fortify the balance sheet.

Trading Documents

<u>ACV vs. Total Indemnity</u>: All of Oppenheimer's buyers are now able to purchase recovery rights on a Total Indemnity basis. This is a material secondary market update as it will now streamline negotiations on price and the actual size of an insurer's losses.

<u>Made Whole Impairment Recourse</u>: All of Oppenheimer's buyers are assuming all of the Made Whole Doctrine impairment risk if asserted by underinsured policyholders. This is a significant development as insurers will not have any contingencies on the sale proceeds it may be sending to its reinsurers.

<u>True-Ups on Open/Reserve</u>: All of Oppenheimer's buyers provide for a true-up payment on any open/reserved losses that are ultimately paid in the future.

Transaction Settlement & Closing Process

<u>Timeline</u>: From agreeing on price to funding typically takes 1-2 weeks. Our first transaction closed in just 7 days.

<u>Documents & Funding</u>: Buyers take a two-step approach of using a Trade Confirmation to lock in economics and high-level material terms for both parties. A Purchase & Sale Agreement ("PSA") is then used as the final operating document and contains all of the explicit representations and warranties. Funding commences 24-48 hours after the PSA is fully executed.

State of the Subro Cases

<u>Eaton</u>: Subro counsel filed a complaint in LA County Court against Southern California Edison on March 4th. Counsel has accelerated the case to preserve evidence at the ignition site. The next Case Management Conference is scheduled for April 17th at 10:00am PST.

<u>Palisades</u>: Insurers have not yet filed a complaint relating to the Palisades fire. However, multiple Individual Plaintiffs (homeowners) have filed complaints against the LA Department of Water & Power ("LADWP") alleging culpability under the Inverse Condemnation argument.

Best,

Ron Ryder

Oppenheimer & Co. Inc. | Co-Head: Special Assets 85 Broad Street 26th Floor | New York, NY 10004 O: 212-885-4918 | M: 609-320-0970 ronald.ryder@opco.com

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From: Ryder, Ronald <Ronald.Ryder@opco.com>

Sent: Friday, March 28, 2025 10:04 AM

To: Tom Welsh

Subject: Buyer of LA Wildfire Subrogation Recovery Rights, Secondary Market Update –

Oppenheimer & Co.

Attachments: Wall Street Brokers Start Trading Insurer Claims From LA Fires - Bloomberg News -

3.20.25.pdf

You don't often get email from ronald.ryder@opco.com. Learn why this is important

Hi Tom,

My Name is Ron Ryder and I am Co-Head of Special Assets trading here at Oppenheimer & Co. (NYSE: OPY), a publicly-traded investment bank based in New York. My team develops secondary market liquidity for unique assets such as subro recovery rights. We have been actively trading the subro recovery rights for the LA Wildfires (see attached Bloomberg News story from last week).

Please let us know if your company has exposure to either Eaton or Palisades – Oppenheimer is representing multiple buyers of both.

LA Wildfire Subrogation Recovery Rights – Secondary Market Update

- Eaton: Currently a 45.00% bid on a Total Indemnity basis
- Palisades: Currently a 3.00% bid with an upside-sharing mechanism
- Oppenheimer has facilitated 4 transactions for LA Wildfire subro recovery rights, totaling hundreds of millions combined between Eaton and Palisades
- Average timeline to close and fund has been less than 2 weeks with the first transaction taking just 7 days

Please call us to discuss the current price context, how transactions are being structured, and the status of each subro litigation case.

Regards,

Ron Ryder

Oppenheimer & Co. Inc. | Co-Head: Special Assets 85 Broad Street 26th Floor | New York, NY 10004 O: 212-885-4918 | M: 609-320-0970

ronald.ryder@opco.com

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From: kearney.mckiernan@thirdbridge.com on behalf of Kearney McKiernan

<kearney.mckiernan@thirdbridge.com>

Sent: Friday, March 14, 2025 2:27 PM

To: Tom Welsh

Subject: Paid Expertise Request: Your Experience with Subrogation Claims and the California

Wildfires

You don't often get email from kearney.mckiernan@thirdbridge.com. Learn why this is important

Hi Tom,

I hope you are doing well! I just came across your LinkedIn profile while doing some initial research into the subrogation claims and the California wildfires and wanted to reach out regarding a short consulting opportunity.

I work for Third Bridge, a primary research firm in New York. I'm currently working alongside an institutional investor looking to speak with an expert like yourself who can discuss the market landscape and industry trends relative to subrogation claims and the California wildfires.

This potential consultation would give you the chance to shape industry discussions and we would, of course, compensate you for your time. I would be happy to discuss a rate with you that you see fit given your qualifications. I can be reached at +1 646-518-5228 or feel free to schedule a call at your convenience through my Calendly at https://calendly.com/kearney-mckiernan-thirdbridge. Due to the nature of this particular project, my client is looking to set up a consultation in the next 48 hours. Do you have ~5 minutes to connect over the phone today so I can provide more detail about the project?

Best,

Kearney

Kearney McKiernan Global Equities

D: 1 646 518 5228 thirdbridge.com

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Our vision for delivering deep insight and unbiased market intelligence has evolved into a business with a range of complementary services, seven offices across three continents and a global client base.

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	2025-2026 LEGISLATION. WILDFIRE & IOU/PUC RELATED BILLS					
BILL	AUTHOR	LATEST AMEND	SUBJECT	SUMMARY	STATUS_ AS OF 4/24/2025	
AB 1	Connolly	4/2/2025	Residential property insurance: wildfire risk	The bill aims to regulate wildfire risk in residential property insurance in California. It requires the state's insurance department to consider updating its regulations to include additional building hardening measures for property-level mitigation efforts and communitywide wildfire mitigation programs.	Assembly Appropriations	
AB 238	Harabedian and Irwin	4/2/2025	Mortgage Forbearance: State of Emergency: Wildfire	This bill requires a mortgage servicer to provide mortgage forbearance to certain borrowers affected by the January 2025 Los Angeles-area wildfire disaster.	In Senate	
AB 252	Bains	3/24/2025	Wilfire Protection: Department of Forestry and Fire Protection	Requires the California Department of Forestry and Fire Protection (CAL FIRE) to maintain no less than full staffing levels throughout the calendar year and meet specified staffing requirements.	Assembly Appropriations	
AB 261	Quirk-Silva	3/26/2025	Fire safety: fire hazard severity zones: State Fire Marshal.	The bill aims to improve fire safety in California by enhancing the process of classifying fire hazard severity zones. The state fire marshal will be authorized to confer with various entities, including public agencies, tribes, and nonprofit organizations, on actions that may impact fire hazard in an area.	Assembly Emergency Management	
AB 270	Petrie-Norris	4/3/2025	Office of Emergency Services: autonomous firefighting activities.	Requires the Department of Forestry and Fire Protection (CAL FIRE) to establish a pilot project to provide a testbed firefighting helicopter equipped with autonomous aerial suppression technology and the necessary activities, as specified, to make the helicopter operational.	Assembly Privacy and Consumer Protection	

	2025-2026 LEGISLATION. WILDFIRE & IOU/PUC RELATED BILLS					
BILL	AUTHOR	LATEST AMEND	SUBJECT	SUMMARY	STATUS_ AS OF 4/24/2025	
AB 275	Petrie-Norris	4/23/2025	Office of Emergency Services: Wildfire Aerial Response	This bill would require the Office of Emergency Services, in consultation with the Department of Forestry and Fire Protection, to establish a working group to evaluate and develop recommendations for implementing a wildfire aerial response program to provide year-round, 24 hours per day, 7 days per week, rapid aerial suppression capabilities.	Assembly Emergency Management	
AB 300	Lackey	4/23/2025	Fire Hazard Severity Zones: State Fire Marshall	This bill would require the State Fire Marshal to review areas in the state identified as moderate, high, and very high fire hazard severity zones, and to review lands within state responsibility areas classified as fire hazard severity zones. The bill would also require the State Fire Marshal to re-review areas within the state that are not identified as moderate, high, and very high fire hazard severity zones, and to re-review lands within state responsibility areas that are not classified as fire hazard severity zones, and, if applicable, identify or classify those areas.	Assembly Emergency Management	
AB 376	Tangipa	4/21/2024	Personal Income Tax Law: Corporation Tax Law: wildfires: exclusions.	This bill would, for taxable years beginning on or after January 1, 2023, and before January 1, 2028, provide an exclusion from gross income for a qualified taxpayer, as defined, for amounts received for costs and losses associated with wildfires, as provided.	Assembly Rev & Tax	
AB 389	Wallis	4/7/2025	Personal Income Tax: tax credits: fire-resistant home improvements.	Allows a credit under the Personal Income Tax Law for specified home hardening measures.	Assembly Rev & Tax	

	2025-2026 LEGISLATION. WILDFIRE & IOU/PUC RELATED BILLS					
BILL	AUTHOR	LATEST AMEND	SUBJECT	SUMMARY	STATUS_ AS OF 4/24/2025	
AB 404	Sanchez	2/4/2025	California Environmental Quality Act: exemption: prescribed fire, reforestation, habitat restoration, thinning, or fuel reduction projects.	This bill eliminates the January 1, 2028, sunset date on a California Environmental Quality Act (CEQA) exemption for forest projects on federal lands.	Assembly Natural Resoures	
AB 429	Hadwick	2/5/2025	Personal Income Tax Law: Corporation Tax Law: exclusions: wildfires.	Excludes from gross income amounts received by a "qualified taxpayer" as settlement payments related to certain fires.	Assembly Rev & Tax	
AB 441	Hadwick	2/6/2025	Wildfire prevention: Office of Wildfire Technology Research and Development: wildfire mitigation program.	This bill extends the sunset date for the Office of Wildfire Technology Research and Development and removes the sunset date for the California Wildfire Mitigation Financial Assistance Program	Assembly Appropriations	
AB 623	Dixon	4/21/2025	Fire prevention projects: California Environmental Quality Act: coastal development permits: exemptions.	This bill would exempt certain fuel modification and reduction projects from environmental impact report requirements under the California Environmental Quality Act.	Assembly Natural Resources	
AB 706	Aguiar-Curry	4/23/2025	Forest Organic Residue, Energy, and Safety Transformation and Wildfire Prevention Fund Act.	The bill aims to establish a new fund to reduce wildfire risk by providing funding for fire fuel reduction efforts.	Assembly Utilities & Energy	
AB 758	DeMaio	4/18/2025	Wildfire: vegetation management.	The bill aims to improve wildfire management by requiring the state or local governments to assess and manage undeveloped public lands for severe fire hazards.	Failed passage	
AB 1143	Bennett	4/23/2025	certification program.	This bill would require the State Fire Marshal's Wildfire Mitigation Advisory Committee to develop a home hardening certification program that identifies home hardening measures.	Assembly Appropriations	

	2025-2026 LEGISLATION_ WILDFIRE & IOU/PUC RELATED BILLS					
BILL	AUTHOR	LATEST AMEND	SUBJECT	SUMMARY	STATUS_ AS OF 4/24/2025	
AB 1227	Ellis and Gallagher	4/11/2025	California Environmental Quality Act: exemption: wildfire prevention projects.	The bill aims to exempt wildfire prevention projects from the California Environmental Quality Act (CEQA) requirements.	Assembly Natural Resources	
AB 1455	Bryan	2/21/2025	California Environmental Quality Act: certified regulatory program: State Board of Forestry and Fire Protection: ember-resistant zone.	The bill aims to update the guidance document on fire hazard planning, which is currently due for an update every 8 years.	Assembly Appropriations	
AB 1457	Bryan	2/21/2025	Wildfires: training programs: defensible space: inspections.	Requires the Department of Forestry and Fire Protection's defensible space and home hardening training program to additionally provide training consistent with the "Home Ignition Zone/Defensible Space Inspector" course plan, established by the State Fire Marshal (SFM), in order to ensure that individuals are trained to conduct home ignition zone inspections.	Assembly Emergency Management	
AB 1531	EM Committee	3/26/2025	Office of Emergency Services: comprehensive wildfire mitigation program.	Amends the government code to enhance fire safety in California. It requires the addition of the Department of Insurance to the California wildfire mitigation program board by July 1, 2026.	Assembly Emergency Management	
SB 256	Perez	3/26/2025	Electricity: electrical infrastructure: wildfire mitigation: undergrounding: emergency operations.	The bill aims to improve wildfire mitigation and emergency response in the state's electrical infrastructure. It requires electrical corporations, cooperatives, and local utilities to include consideration of low-risk areas in their wildfire mitigation plans and to conduct annual preparedness workshops with local fire departments. The bill also establishes a program to underground electrical distribution infrastructure.	Senate Energy, Utilities, and Communications	

	2025-2026 LEGISLATION. WILDFIRE & IOU/PUC RELATED BILLS							
BILL	AUTHOR	LATEST AMEND	SUBJECT	SUMMARY	STATUS_ AS OF 4/24/2025			
SB 326	Becker/Laird	2/11/2025	Wildfire safety: The California Wildfire Mitigation Strategic Planning Act	This bill requires the Office of the State Fire Marshal to prepare, and regularly update, a Wildfire Risk Mitigation Planning Framework, a Wildfire Risk Baseline and Forecast, and a Wildfire Mitigation Scenarios Report.	Senate Appropriations			
SB 429	Cortese	3/26/2025	Wildfire Safety and Risk Mitigation Program	This bill establishes a wildfire safety and risk mitigation program to fund the development, demonstration, and deployment of a public wildfire catastrophe model.	Senate Appropriations			
SB 514	Cabaldon	4/9/2025	Wildfire prevention: assessment: accreditation.	This bill aims to prevent wildfires by creating a standardized accreditation framework for counties, local governments, fire safe councils, and homeowners.	Senate Appropriations			
SB 616	Rubio, Cortese, and Stern	2/20/2025	Community Hardening Commission: wildfire mitigation program	This bill establishes the Community Hardening Commission as an independent unit within the California Department of Insurance to, among other things, develop new wildfire community hardening.	Senate Appropriations			
SB 629	Durazo	3/26/2025	Wildfires: fire hazard severity zones: defensible space, vegetation management, and fuel modification	This bill aims to improve wildfire prevention and preparedness in California by enhancing the state's fire hazard severity zones.	Senate Local Government			
SB 653	Cortese	4/10/2025	Wildfire prevention: environmentally sensitive vegetation management.	This bill would define environmentally sensitive vegetation management for the purposes of certain projects eligible for funding from the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 (Proposition 4), as provided.	Senate Appropriations			

	2025-2026 LEGISLATION_ WILDFIRE & IOU/PUC RELATED BILLS						
BILL	AUTHOR	LATEST AMEND	SUBJECT	SUMMARY	STATUS_ AS OF 4/24/2025		
SB 662	Alvarado-Gil	2/20/2025	Wildfires: defensible space: education efforts.	This bill would extend for five years the sunsets on the Department of Forestry and Fire Protection's statewide program to support its defensible space inspection and home hardening assessment and education efforts, including its training pilot program for volunteers to January 1, 2031.	Senate Appropriations		
SB 663	Allen, McNerney, and Perez	4/2/2025	Winter Fires of 2025: real property tax: exemptions and reassessment.	This bill makes three changes to property tax law related to the Los Angeles County Fires in January 2025.	Senate Appropriations		
SB 678	Niello	2/21/2025	Fire prevention activities: challenges: undertaking.	This bill provides a mechanism for a defendant in a civil action, including under the California Environmental Quality Act (CEQA), challenging a project that engages in fire prevention activities, as defined, to seek an order requiring the plaintiff to furnish an undertaking as security for costs and damages that may be incurred by the defendant if the bringing of the action by the plaintiff would result in preventing or delaying the project.	Senate Appropriations		
			INVESTOR OWNED UTILIT	IES /PUBLIC UTILITIES COMMISSION			
AB 99	Та	1/8/2025	Electrical corporations: rates	Prohibits investor-owned utilities (IOUs) from proposing a consumer rate increase above the rate of inflation unless approved by a majority of customers through election, or if the California Public Utilities Commission deems the increase is directly related to safety enhancements, modernization, or higher commodity or fuel costs.	Assemby Appropriations		
AB 286	Gallagher	4/21/2025	Electricity: Mandatory Rate Reduction	The bill aims to generate a report outlining recommendations to decrease the kilowatt-per-hour rate for electricity charged to ratepayers by at least 30% by January 1, 2027.	Assembly Utilities and Energy		

2025-2026 LEGISLATION. WILDFIRE & IOU/PUC RELATED BILLS							
BILL AUTHOR LATEST SUBJECT SUMMAR		SUMMARY	STATUS_ AS OF 4/24/2025				
Irwin	4/22/2025	Electricity: clean energy transmission projects: utility infrastructure undergrounding: financing.	The bill aims to regulate the construction of new and existing electrical transmission projects in California.	Assembly Utilities and Energy			
Petrie-Norris	4/21/2025	Public Transmission Financing Act of 2025.	The bill aims to improve the assessment and analysis of energy costs for residential households in California. The Public Utilities Commission must develop a framework to track and analyze total annual energy costs, which will be submitted to the legislature.	Assembly Utilities and Energy			
Essayli	2/19/2025	Campaign contributions: investor- owned utilities.	This bill aims to regulate campaign financing by prohibiting investor-owned utilities from making contributions to candidates for elective state office and vice versa.	Assembly Elections			
Zbur	4/23/2025	California Environmental Quality Act: electrical infrastructure projects	Requires the California Public Utilities Commission to expedite the environmental review process for an electrical infrastructure project designated as a "priority project".	Assembly Appropriations			
Boerner	4/3/2025	Energy: electrical and gas corporations: general rate case	This bill requires electrical and gas corporations to provide certain information to the Public Utilities Commission as part of their general rate case.	Assembly Appropriations			
Schiavo	4/21/2025	Public utilities: energy: taxpayer funding: reporting.	This bill requires investor-owned electrical and gas corporations to report certain information related to taxpayer funding they have applied for or received.	Assembly Appropriations			
Essayli	2/21/2025	Electricity: expedited utility distribution infrastructure undergrounding program.	This bill aims to expedite the undergrounding of utility distribution infrastructure for large electrical corporations.	Assembly Utilities and Energy			
	Irwin Petrie-Norris Essayli Zbur Boerner Schiavo	AMEND 4/22/2025	AUTHOR LATEST AMEND SUBJECT Irwin 4/22/2025 Electricity: clean energy transmission projects: utility infrastructure undergrounding: financing. Petrie-Norris 4/21/2025 Public Transmission Financing Act of 2025. Essayli 2/19/2025 Campaign contributions: investorowned utilities. Zbur 4/23/2025 California Environmental Quality Act: electrical infrastructure projects Boerner 4/3/2025 Energy: electrical and gas corporations: general rate case Schiavo 4/21/2025 Public utilities: energy: taxpayer funding: reporting. Essayli 2/21/2025 Electricity: expedited utility distribution infrastructure	AUTHOR AMEND A/22/2025 Electricity: clean energy transmission projects: utility infrastructure undergrounding: financing. The bill aims to regulate the construction of new and existing electrical transmission projects in California.			

	2025-2026 LEGISLATION. WILDFIRE & IOU/PUC RELATED BILLS						
BILL	AUTHOR	LATEST AMEND	SUBJECT	SUMMARY	STATUS_ AS OF 4/24/2025		
AB 1410	Garcia	4/7/2025	Public utilities: service outages and updates: alerts.	This bill would require public utilities to automatically enroll customers in alerts for service outages and updates. Customers would have the opportunity to optout of any alerts they do not wish to receive, except for emergency alerts.	Assembly Appropriations		
AB 1455	Bryan	3/24/2025	California Environmental Quality Act: certified regulatory program: State Board of Forestry and Fire Protection: ember-resistant zone.	Requires the State Board of Forestry and Fire Protection to adopt emergency regulations to implement defensible space requirements for an emberresistant zone required within 5 feet of a structure (known as "Zone 0").	Assembly Appropriations		
SB 57	Padilla	4/10/2025	Electrical corporations: tariffs.	This bill requires the California Public Utilities Commission to establish a specified tariff for data centers by July 1, 2026. This bill also requires certain utilities to procure 100% of the electricity delivered to data centers from zero-carbon resources by 2030.	Senate Appropriations		
SB 254	Becker	4/22/2025	Electricity: wildfire mitigation: rate assistance: Policy-Oriented and Wildfire Electric Reimbursement (POWER) Program.	The bill aims to improve the Family Electric Rate Assistance (FERA) program in California. The program provides assistance to low-income households with total annual gross income levels between 200% and 250% of the federal poverty guideline level.	Senate Energy, Utilities, and Communications		
SB 256	Perez	3/26/2025	Electricity: electrical infrastructure: wildfire mitigation: undergrounding: emergency operations.	The bill aims to improve wildfire mitigation and emergency response in the state's electrical infrastructure. It requires electrical corporations, cooperatives, and local utilities to include consideration of low-risk areas in their wildfire mitigation plans and to conduct annual preparedness workshops with local fire departments.	Senate Energy, Utilities, and Communications		

	2025-2026 LEGISLATION. WILDFIRE & IOU/PUC RELATED BILLS							
BILL	AUTHOR	LATEST AMEND	SUBJECT	SUMMARY	STATUS_ AS OF 4/24/2025			
SB 292	Cervantes	4/9/2025	Electricity: wildfire mitigation: deenergization events and undergrounding plans	This bill aims to improve wildfire mitigation in the electrical distribution system. It requires electrical corporations, local publicly owned electric utilities, and electrical cooperatives to work with persons with access and functional needs to develop a plan to support them during deenergization events.	Senate Energy, Utilities, and Communications			
SB 330	Padilla	3/28/2025	Electrical transmission infrastructure: financing	The bill aims to establish pilot projects to develop, finance, or operate electrical transmission infrastructure.	Senate Energy, Utilities, and Communications			
SB 332	Wahab	4/23/2025	Investor-Owned Utilities Accountability Act.	This bill aims to improve energy policies in California by requiring the state energy resources conservation and development commission to issue a study on transitioning investor-owned utilities to a successor entity.	Senate Appropriations			
SB 559	Stern	4/2/2025	Electricity: deenergization events: communications.	This bill requires electrical corporations to prepare and submit wildfire mitigation plans that include protocols for deenergizing portions of their electrical distribution system to minimize public safety impacts.	Senate Appropriations			
SB 618	Reyes	3/26/2025	Electricity: deenergization events: reimbursement credit.	The bill requires each electrical corporation to automatically provide a reimbursement credit to customers affected by a deenergization event.	Senate Energy, Utilities, and Communications			
SB 797	Choi	4/9/2025	California Environmental Quality Act: exemption: electric utility distribution and transmission system facilities: undergrounding and insulation.	This bill creates an exemption from the California Environmental Quality Act to underground or insulate overhead electricity utility distribution and transmission facilities before July 1, 2025, and tasks the Public Utilities Commission to form a working group and develop a plan, by July 1, 2027, to invest in undergrounding and insulating power lines.	Senate Energy, Utilities, and Communications			

	2025-2026 LEGISLATION. WILDFIRE & IOU/PUC RELATED BILLS							
BILL	AUTHOR	LATEST AMEND	SUBJECT	SUMMARY	STATUS_ AS OF 4/24/2025			
SB 836	Rubio		and permitting.	This bill requires the state's energy agencies and the state's largest electric grid operator to update and review their shared memorandum of understanding regarding transmission planning every three years, instead of every five years.	Senate Appropriations			

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California Catastrophe Response Council Memorandum

May 1, 2025

Agenda Item 4: 2025 Budget Augmentation

Recommended Action: Approve Augmentation of the 2025 Wildfire Fund

Administration Budget

Background

During its February 13, 2025, meeting, the California Catastrophe Response Council approved staff's recommended 2025 budget for the administration of the California Wildfire Fund (CWF) and directed staff to operate CWF operations within the total approved budget amounts. Staff informed the Council that the budget was created *prior* to the January 2025 Southern California Wildfires, and that a revised budget would be presented to the Council during the May 1, 2025 meeting, if necessary.

Accordingly, during the May 1, 2025, meeting, CEA staff will present a revised CWF 2025 budget for the Council's consideration, which include augmentations to support the Wildfire Fund Durability Initiatives and additional legal costs related to the Administrator's on-going work on a plan for winding up the Fund when the Administrator determines the Fund will be exhausted within the next three years. The revised budget also includes information related to additional claims payments anticipated as a result of the formal notice from PG&E that it would submit claims arising from the 2019 Kincade Fire. In aggregate, the reasonable and necessary augmentation of the 2025 budget and the updated anticipated claim payments is approximately \$39 million, the majority of which arises from anticipated payments on PG&E claims from the Kincade fire, all as described in detail in the revised budget (Attachment A).

Recommendation

Staff recommend the following Council actions:

Approve the revised 2025 CWF budget; and



• Direct staff to operate CWF's business operations activities within the total revised budget amounts.

California Wildfire Fund 2025 Budget Revision As of March 31, 2025

Α C = A + BD E = D/CPercentage Used Approved 2025 **Actual Amounts** Adjusted of Adjusted 2025 Adjustments^A **Budget** 2025 Budget Q1 2025 Budget Additions to fund assets: 920,615,301 Rate payer monthly NBCs, net \$ 920,615,301 207,865,472 22.6% Utility annual contributions 300.000.000 0.0% 300.000.000 Investment income (net of expenses) 414,690,648 414,690,648 110,668,931 26.7% Total additions to fund assets \$ 1,635,305,949 \$ 1,635,305,949 318,534,403 19.5% Deductions to fund assets: Wildfire paid claims 611,469,400 ** \$ 34,256,643 645,726,043 181,225,400 28.1% Personnel expenses: Personnel expenses - allocated from CEA 215,607 438,625 424,375 863,000 25.0% General and administrative expenses: Wildfire Fund Durability Initiatives 4,537,175 4,537,175 599,970 13.2% Other contracted services 1,040,000 1,040,000 206,799 19.9% Direct legal services-general 47,500 80,000 127,500 79,687 62.5% Financial services consulting 306.940 306.940 73.500 23.9% Bank fees 299,763 299,763 68,871 23.0% G&A expenses - allocated from CEA 630,614 159,650 25.3% 630,614 Travel 16,500 16,500 0.0% Software and licenses 900 900 0.0% Direct IT services 1,000 1,000 0.0% Audit Fees 4,000 4,000 0.0% Printing & stationary 0.0% 500 500 Governing board meeting expenses 3,750 3,750 500 13.3% 4,617,175 1,188,977 Total general and administrative expenses 2,351,467 6,968,642 2 614,259,492 653,557,685 Total deductions to fund assets \$ 39,298,193 182,629,984 27.9% Change in unrealized gain/(loss) *** 196,638,191 NM Increase/(decrease) in net position \$ 1,021,046,457 \$ (39,298,193) 981,748,264 332,542,610 33.9%

Adjustments to revise 2025 CWF end of year projections.

Budgeted NBC funds to be received by CWF in 2025 are net of \$5.4mm of DWR administrative and operating expenses.

^{**} Based on PG&E reporting, CEA reserved a total loss amount of \$925mm related to the Dixie Fire and \$90mm related to the Kincaid Fire. Dependent on CEA internal analysis and discussions with PG&E, CEA has revised the total amount of paid claims in 2025.

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



California Catastrophe Response Council Memorandum

May 1, 2025

Agenda Item 5: Claims Administration Update

Recommended Action: Information Only

Background

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

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

Wildfire Monitoring and Notification

The Administrator continues to monitor and report to the Council on active wildfires as well as the status of potentially Covered Wildfires in the 2019 through 2025 coverage years. In particular, the Administrator is tracking the reported losses for four major fires—the October 2019 Kincade Fire, September 2020 Zogg Fire, July 2021 Dixie Fire, and September 2022 Mosquito Fire. PG&E's 10-Q report to the SEC for the quarterly period ending December 31, 2024, reports aggregate liabilities of \$1.225 billion, \$400 million, \$1.925 billion and \$100 million for the 2019 Kincade Fire, 2020 Zogg Fire, 2021 Dixie Fire and 2022 Mosquito Fire, respectively. Of these, PG&E has recorded a potential



recovery of \$925 million from the Fund for the 2021 Dixie Fire. There are no known new fires that would impact the fund for calendar year 2023, or calendar 2024.

On January 16, 2025, PG&E sent notification to the CEA that the utility has paid more than \$750M in the aggregate for third-party claims resulting from the 2019 Kincade Fire that burned in Sonoma County, California. This notification satisfies the reporting requirement outlined by the *Procedures*. It is worth noting that because PG&E was the subject of an insolvency proceeding at the time of the ignition of the Kincade Fire and had not yet emerged from bankruptcy, the Fund will not pay more than 40 percent of the allowed amount of a claim arising from the Kincade Fire. PG&E has reported accrued losses for the Kincade fire of \$1,225 billion.

The Administrator is monitoring the wildfires that started in January 2025 in Southern California. One of the larger fires, the Eaton Fire, started in the servicing territory of Southern California Edison (SCE), a participating electrical corporation of the Fund. According to the California Department of Forestry and Fire Protection, the fire burned 14,000 acres, resulted in 17 fatalities, and destroyed over 9,400 structures. The cause of the Eaton fire is under investigation. The Administrator will continue to monitor and will keep the Council informed of any updates.

Electrical utilities are required to report to the California Public Utilities Commission incidents that meet one of the following conditions:

- result in fatality or personal injury rising to the level of in-patient hospitalization and are attributable or allegedly attributable to utility owned facilities; or
- are the subject of significant public attention or media coverage and are attributable or allegedly attributable to utility facilities; or
- involve damage to the property of the utility or others estimated to exceed \$50,000.

As such, Southern California Edison has filed the required reports as outlined above for the Eaton fire, which impacted the Altadena/Pasadena area. SCE reports that they are investigating whether SCE equipment was involved in the ignition of the Eaton fire.

Dixie Fire Threshold and Eligible Claims Administration Process

PG&E has been working with Sedgwick to provide detailed claims data and claims documentation for Dixie fire claims through a multi-variable claims data template and a



secure data portal for Subrogation Claims, the Direct Payment for Community Recovery process, public entities, timber companies, and individual claims. The data and documentation provided by PG&E has been validated and Sedgwick has been reviewing a sample of claims that have been settled by PG&E.

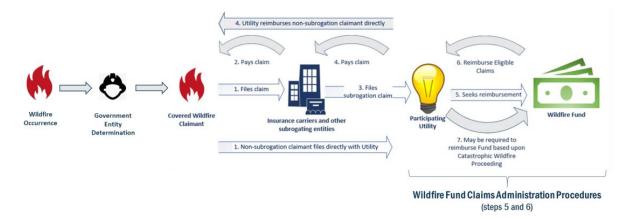
PG&E continues to settle outstanding claims and as previously reported to the Council, reached the "Threshold Claim" Amount, which is \$1 billion or more, in the aggregate for a coverage year, in mid-June 2024.

Based on the Threshold Claim review, and a review of Eligible Claims paid in June through December 2024, Sedgwick has determined that all claims meet the criteria for Reasonable Business Judgement. Reviews of "Eligible Claims" continue and reimbursement payments have been made to PG&E for Eligible Claims paid as follows:

Eligible Claim Paid Month	Reimbursement to PG&E
June 2024	\$39,258,154
July 2024	\$33,657,156
August 2024	\$78,851,058
September 2024	\$16,877,339
October 2024	\$88,474,800
November 2024	\$48,807,990
December 2024	\$43,942,610
Total	\$349,904,107

Sedgwick will continue to review Eligible Claims in accordance with the *Procedures* for reimbursement as outlined in Steps 5 and 6 below.





Next Steps

CEA staff will report on the status of work by the claims review services provider, wildfire monitoring, investor-owned utility's progress on wildfire mitigation, and the execution of other elements of the *Procedures* during this Council meeting.



California Catastrophe Response Council Memorandum

May 1, 2025

Agenda Item 6: Financial Report

Recommended Action: No action required – information only

Mr. Hanzel will provide the California Catastrophe Response Council with a financial report on the Wildfire Fund as of March 31, 2025, and 2024.



FINANCIAL REPORT

March 31, 2025

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Balance Sheets as of March 31, 2025 and 2024	1
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Investment Analysis as of March 31, 2025 and 2024	5 - 6

Financial Statements

California Wildfire Fund Balance Sheets

UNAUDITED

Assets	March 31, 2025	March 31, 2024
Cash and investments: Cash and cash equivalents Investments	\$ 4,704,860,933 8,500,086,614	\$ 49,624,892 11,567,214,456
Total cash and investments	13,204,947,547	11,616,839,348
Interest receivable Securities receivable	48,363,447	63,170,496 43,849,998
Total assets	\$ 13,253,310,994	\$ 11,723,859,842
Liabilities and Net Position		
Loss and loss adjustment expense reserves Securities payable Accounts payable and accrued expenses Related party payable - CEA	\$ 665,095,894 46,679,061 2,267,080 375,258	\$ 600,000,000 15,101,405 1,292,366 227,838
Total liabilities	714,417,293	616,621,609
Net position:		
Restricted for CWF	12,538,893,701	11,107,238,233
Total net position	12,538,893,701	11,107,238,233
Total liabilities and net position	\$ 13,253,310,994	\$ 11,723,859,842

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

UNAUDITED

	Three Months Ended			
	March 31, 2025		March 31, 2024	
Additions to fund assets:				
Rate payer monthly NBCs	\$	207,865,472	\$	205,518,459
Total contributions		207,865,472		205,518,459
Investment income & expenses		110,668,931		75,786,238
Change in unrealized gain/(loss)		196,638,191		(77,527,034)
Net investment income		307,307,122		(1,740,796)
Total additions to fund assets		515,172,594		203,777,663
Deductions to fund assets:				
Losses and loss adjustment expenses		140,000,000		-
General and administrative expenses		1,188,977		425,258
Personnel expenses		215,607		92,686
Total deductions to fund assets		141,404,584		517,944
Increase/(decrease) in net position		373,768,010		203,259,719
Net position, beginning of year		12,165,125,691		10,903,978,514
Net position, end of year	\$	12,538,893,701	\$	11,107,238,233

California Wildfire Fund

Cost Allocation Methodology and Calculation for the Year Ended December 31, 2024 and 2023 3/31/2025

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 Three Months Ended March 31, 2025 and 2024.

	Three Mo		Nonths Ended March'25 Three Months Ended March'24			March'25	March'24	
Department	Hours	Salaries & Benefits	Hours	Salaries & Benefits	CWF Salary & Benefit costs =	192,979 A	87,619	
1. Comms	277.0	23,791	42.8	3,611	CEA Salary & Benefit costs =	6,333,504 B	6,609,019	
2. Exec	346.1	39,602	29.8	8,670		6,526,483 C	6,696,638	
3. Finance	311.0	57,153	289.3	33,732				
4. IT	-	-	-	-	Allocation % =	2.96% = A/C	1.31%	
5. Internal Ops	25.0	2,577	63.3	5,864				
6. Insurance Ops	52.5	11,313	51.3	10,366				
7. Legal	216.6	58,543	245.5	25,376				
Total Direct Hours/Costs	1,228.2	192,979	721.8	87,619				

All other indirect costs were allocated to the CWF based on the 2.96% and 1.31% allocations noted above. The following indirect expenses were charged to the CWF:

Account Name	Acct #	Amount	Amount
Rent-Office and Parking	86400-16	274	4,078
Rent-Office Equip/Furniture	86450-16	120	54
Building Maintenance and Repairs	86475-16	41	8
Furniture/Equipment <\$5000	86500-16	263	-
EDP Hardware <5000	86505-16	1,946	1,302
EDP Software <5000	86506-16	16,780	8,381
Office Supplies	86510-16	206	63
Postage	86530-16	14	-
HR and IT staff allocation	85101-16	22,628	5,067
GASB 68 Pension Expense	85141-16	-	-
Telecommunications	86550-16	2,138	1,177
Insurance Expense	86600-16	5,109	2,313
Other Administration Services	88175-16	101	47
Direct Investment Technology Support	89805-16	132,658	117,499
Total Indirect Costs		182,278	139,989
	Total Costs	375,257	227,608

Contributions & NBCs Received

California Wildfire Fund Contributions & NBCs Received As of March 31, 2025

Description	Date Received	Amount
1. SDG&E initial capital contribution	9/9/2019	322,500,000
2. SoCal Edison initial capital contribution	9/9/2019	2,362,500,000
3. SDG&E 2019 annual contribution	12/19/2019	12,900,000
4. SoCal Edison 2019 annual contribution	12/27/2019	94,500,000
5. PG&E initial capital contribution	7/1/2020	4,815,000,000
6. PG&E 2019 annual contribution	7/1/2020	192,600,000
7. IOUs 2020 annual contributions	December-20	300,000,000
8. IOUs 2021 annual contributions	December-21	300,000,000
9. IOUs 2022 annual contributions	December-22	300,000,000
10. IOUs 2023 annual contributions	December-23	300,000,000
11. IOUs 2024 annual contributions	December-24	300,000,000
Τ	9,300,000,000	
1. SMIF Loan Proceeds	8/15/2019	2,000,000,000 *
2. SMIF Loan Principal Payments	4/25/2023	(2,000,000,000)
3. 2021 NBC funds received	12-months of 2021	875,076,565
4. 2022 NBC funds received	12-months of 2022	1,116,593,213
5. 2023 NBC funds received	12-months of 2023	888,460,672
6. 2024 NBC funds received	12-months of 2024	889,304,019
6. 2025 NBC funds received	3-months of 2025	207,865,472
Total SMIF Loan Act	ivity & NBCs Received	3,977,299,941
Total Funds Red	\$ 13,277,299,941	

- * _ The legislation required that the CWF be initially capitalized in the form of a short-term \$2 billion loan from the Treasurer's Surplus Money Investment Fund (SMIF). Starting in December 2020, the CWF started making monthly principal payments of \$70 million, with the final payment occuring in April 2023. Additionally, the loan carried an interest rate of 2.35% which was paid on outstanding balances.
- ** _ NBC funds received by CWF are net of 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 \$1.7mm of funds in the DWR Charge Fund to pay future A&O expenses.

Investment Analysis

California Wildfire Fund CWF Portfolio Overview 3/31/2025

March 31, 2025

The CWF's 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".

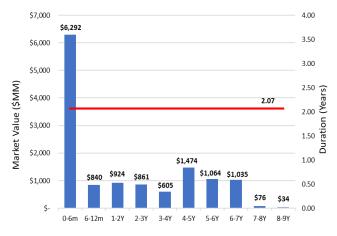
CWF Investment Portfolio as of March 31, 2025									
Sector	Value (\$MM)		% of Portfolio	Avg Credit Rating	Duration (Yrs)				
U.S. Treasury	\$	8,628	65.3%	AA+	1.67				
U.S. Agency & Supranational		918	7.0%	AA+	2.01				
Corporates		3,300	25.0%	A+	3.32				
U.S. TSY MMF & Cash		359	2.7%	AAA	0.00				
Total	\$	13,205	100.0%	AA	2.07				

March 31, 2024

The CWF's total portfolio market value for March 2024 was \$11.62 billion with an average duration of 3.43 years and average credit ratings of "AA".

CWF Investment Portfolio as of March 31, 2024									
Sector	Value (\$MM)		% of Portfolio	Avg Credit Rating	Duration (Yrs)				
U.S. Treasury	\$	6,509	56.0%	AA+	3.11				
U.S. Agency & Supranational		1,176	10.1%	AA+	2.93				
Corporates		3,884	33.4%	A+	4.18				
U.S. TSY MMF & Cash		48	0.5%	AAA	0.00				
Total	\$	11,617	100.0%	AA	3.43				

CWF Maturity Distribution: March 31, 2025



CWF Maturity Distribution: March 31, 2024



California Wildfire Fund CWF Portfolio 12-Month History 3/31/2025

CWF Investment Portfolio Overview													
	Mar'24	Apr'24	May'24	June'24	July'24	Aug'24	Sept'24	Oct'24	Nov'24	Dec'24	Jan'25	Feb'25	Mar'25
Total Portfolio													
Market Value - Cash & Investments (\$MM)	\$11,617	\$11,584	\$11,791	\$11,866	\$12,199	\$12,307	\$12,597	\$12,497	\$12,550	\$12,858	\$12,835	\$12,742	\$13,205
Investment income (\$MM) *	26.73	26.72	27.72	27.14	27.73	27.51	27.23	27.88	29.12	30.72	32.07	30.90	48.85
Change in unrealized gain/(loss) (\$MM)	43.02	(159.02)	96.83	65.89	187.32	105.18	100.49	(230.33)	51.25	(114.58)	41.77	148.61	6.26
Investment management fees and bank fees (\$MM)	0.37	0.36	0.38	0.37	0.38	0.39	0.41	0.41	0.41	0.39	0.39	0.38	0.39
fees as a % of average AUM	0.0032%	0.0031%	0.0033%	0.0032%	0.0033%	0.0032%	0.0033%	0.0033%	0.0033%	0.0032%	0.0030%	0.0030%	0.0030%
Income return gross of fees	2.77%	2.74%	2.85%	2.76%	2.77%	2.69%	2.62%	2.67%	2.79%	2.88%	3.00%	2.90%	4.52%
Income return net of fees	2.73%	2.71%	2.81%	2.72%	2.73%	2.66%	2.59%	2.63%	2.75%	2.84%	2.96%	2.86%	4.48%
Yield to Maturity	4.71%	5.08%	4.89%	4.76%	4.44%	4.08%	3.93%	4.39%	4.31%	4.56%	4.43%	4.09%	4.07%
Duration (Yrs)	3.43	3.37	3.45	3.56	3.59	3.62	3.7	3.69	3.71	3.69	3.68	3.21	2.07
Portfolio Composition (%)													
TSY / AGY	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%	65%	64%	72%
Corporates	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	25%
Cash / MMF	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	2%	3%	3%

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

