CA Wildfire Fund Questions

The purpose of this document is to explain **in layperson's terms** what the California Wildfire Fund (CWF) is, who can access it and under what circumstances, etc.

It is important to note that, with respect to the current fires burning in Southern California, we have not received any notification that an IOU participating in the CWF caused any of these fires. If that remains the case, CWF will not become engaged in paying claims arising from the fires.

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What is the purpose of the California Wildfire Fund (CWF)?

The California Wildfire Fund (CWF) was created by the State of California in 2019 to reimburse participating utility companies for third-party damages resulting from "covered wildfires." Eligible utilities are those that contributed financially to the Fund: San Diego Gas & Electric Company ("SDG&E"), Southern California Edison ("SCE"), and Pacific Gas & Electric Company ("PG&E") (collectively, the "IOUs"). Reimbursements from the California Wildfire Fund are made under narrow stringent conditions, only after the occurrence of a "covered wildfire." A covered wildfire is one ignited on or after July 12, 2019, and has been found by a governmental agency or court to have been caused by an IOU.

The CWF's purpose is to benefit the IOUs' ratepayers by increasing the operating stability of the participating IOUs. The CWF does this by providing a large and reliable source of claim-paying capacity should an IOU cause a wildfire in California. This is beneficial to Californians as it ensures there is a pool of money set aside to help compensate survivors whose property has been damaged by a covered wildfire. The CWF also increases the IOUs access to capital to fund new investments in their infrastructure to promote safety and reliability.

How does CWF help reduce the risk of wildfire in CA?

The legislation that created the CWF requires the IOUs to invest in improving the safety of their infrastructure and operations. Those safety measures include things like grid hardening and "public safety power shutoffs" during severe weather events. The CWF further incentivizes the IOUs to obtain and maintain safety certifications from the Office of Energy Infrastructure Safety. To get a safety certification, an IOU must implement an approved wildfire mitigation plan.

How is CWF Capitalized (Funded)?

A high-level summary of CWF total approximate $21 billion in claim-paying capitalization is:

- **$10.5 Billion from Stockholders** – The IOUs provided initial capital contributions of $7.5 billion when joining the CWF. These contributions (split among the three IOUs based on factors such as territory size, infrastructure, and risk factors) were not passed through to the ratepayers but rather came out of each company's equity. The balance of $3 billion is paid in annual installments of $300 million over 10 years.
- **$10.5 Billion from Ratepayers** – The ratepayer contributions to the capitalization of the fund comes through monthly surcharges (called "non-bypassable charges") on monthly utility bills. These surcharges only come from the IOUs ratepayers. These surcharges will be collected over 15 years (2020 through 2035), with the present value of those contributions equaling about $10.5 billion.

As of January 2025, the CWF has more than $12 billion in liquid assets under management. See financials detailed in our 2025 statutory report to the legislature. Should the CWF have need for more liquidity to pay eligible claims, the legislation allows for the remaining non-bypassable charges to be securitized through the issuance of revenue bonds. Doing so would not increase ratepayers' non-bypassable charges.

Can survivors of any wildfire access the California Wildfire Fund?

Many things can cause a wildfire (including lighting, arson, fireworks, etc.). The legislation that created the CWF authorizes reimbursement of funds only to the utility companies that capitalize the CWF, not private citizens. Additionally, the CWF was created to be forward-looking. This means that damages from past fires, those ignited before 2019 when the legislation was created, cannot be addressed by the CWF. The Administrator of the CWF follows the law which ensures that the money in the Fund (which was provided by IOU shareholders and their customers) is available to address third-party losses from post-2019 covered wildfires, as the IOUs work to improve the safety of their infrastructure and operations.

How are reimbursements distributed?

To be eligible for reimbursement, a claim from one of the three IOUS must be (i) a result of a "covered wildfire," which are only those wildfires that ignited on or after July 12, 2019, and (ii) are determined to have been caused by an IOU's equipment.

The Fund will also only reimburse claims resulting from covered wildfires that exceed an IOU's annual threshold retention, which is currently set at $1 billion. So, in a given year, for each of the IOUs, all claims up to the $1 billion dollar threshold are not reimbursable by the CWF.

Once submitted, the CEA, as the Wildfire Fund Administrator, will evaluate the claims to verify that they meet the standards set forth in the legislation that created the CWF.

Please note once the CWF has paid an IOU for eligible claims, the IOU must go through a catastrophic wildfire proceeding before the California Public Utilities Commission ("PUC"). If the PUC finds that the IOU acted prudently, the IOU does not have to reimburse the Fund. If the IOU is found imprudent or partially imprudent, the IOU must reimburse the Fund for the portion of the eligible claims covered by the Fund to the extent of the IOU's imprudence, up to a statutorily defined liability cap. The cap is based relative to the size of the utility rate base. The liability cap does not apply if the IOU either did not have a valid safety certification at the time of the covered wildfire or if the Administrator finds that the IOU acted with conscious or willful disregard of the rights and safety of others. The cap is based relative to the size of the utility rate base.

Which utility has been reimbursed?

As of April 2025, the Administrator (CEA) has reimbursement payments to PG&E for eligible claims resulting from the 2021 Dixie Fire in the amount of approximately $349 million ($349,904,107) and continues to review eligible claims related to this fire for future reimbursement.

PG&E has recorded a potential recovery of $925 million from the Fund for the 2021 Dixie Fire. This means that the CWF could potentially reimburse PG&E an additional $576 million for this fire ($925m -$349m = $576 million).

Additionally, there is a possibility that PG&E may be reimbursed for eligible claims relating to the 2019 Kincaid fire. In PG&E's 10-Q report to the SEC for the quarterly period ending March 31, 2025, it reported accrued losses for the Kincade fire of $1.275 billion. However, 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 would not pay more than 40 percent of the allowed amount of a claim arising from the Kincade Fire.

Terms Commonly Used

- Covered wildfire – To be considered a "covered wildfire," a wildfire must have been ignited on or after July 12, 2019, and one of the following conditions must be satisfied: (1) the governmental agency responsible for determining causation or a court of competent jurisdiction determines the wildfire was caused by an IOU; or (2) asserted to have been caused by an IOU and results in a court-approved dismissal resulting from the settlement of third-party damage claims.

- Non-bypassable charges - Fees that are imposed by the CPUC and are added to an IOU ratepayer's electricity bill for each kilowatt-hour of electricity consumed from the power grid.

- Eligible claims – Eligible claims are claims for third-party damages against an IOU resulting from covered wildfires exceeding $1,000,000,000 in the aggregate in any calendar year.

- Claim-paying capacity – The total amount of capital available to the California Wildfire Fund to pay eligible claims for covered wildfires. The Fund administrator takes action to maximize the claim-paying capacity of the Fund, primarily by making investments. Should the Fund need access to non-liquid claim-paying capacity (prior to 2035) the legislation allows the Administrator to issue revenue bonds secured against remaining non-bypassable charges.

- IOU – Investor-owned Utility. Three investor-owned utilities opted to participate in the California Wildfire Fund when it was created in 2019. Those utilities are Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric. These are the only utility companies insured by the California Wildfire Fund, because they are the only companies that provided capital to the Fund.

- Dixie Fire – The 2021 Dixie Fire was a wildfire that burned 963,309 acres in Northern California's Butte, Plumas, Lassen, Shasta and Tehama Counties.[1] To date, the Dixie Fire is the only wildfire for which a participating utility (PG&E) has received reimbursement from the California Wildfire Fund.

- Reimbursement – Capital in the California Wildfire Fund is generated by collections from participating utilities and matching, although differently timed, collections from their ratepayers (non-bypassable charges). When a participating utility files a claim with the California Wildfire Fund, it is seeking to have this money reimbursed for eligible claims it has paid resulting from a covered wildfire.

- Annual threshold retention – The California Wildfire Fund begins to reimburse eligible claims after, in aggregate, they exceed the threshold retention in any one year for any one participating utility. The current annual threshold retention for each participating utility is $1b. Even after the threshold retention is reached, the California Wildfire Fund will not reimburse the first $1b in claims for third-party damages against a participating utility resulting from all covered wildfire events in a given year.

- Imprudent actions – A participating utility may be required to pay back a Wildfire Fund reimbursement if the California Public Utilities Commission ("PUC") finds that a utility acted imprudently or partially imprudent. If such a finding occurs, the amount the participating utility may be required to pay back is capped if that utility had a valid safety certification at the time of the covered wildfire. If it didn't, or if the Administrator finds that the IOU acted with conscious or willful disregard of the rights and safety of others, the liability cap does not apply.
  Find information about those caps at this link:
  https://www.cawildfirefund.com/participating-utility-companies

[1] https://www.fire.ca.gov/media/edwez51p/dixie_fire_release.pdf