



Paradise Irrigation District

6332 Clark Rd, Paradise, CA 95969 · 530-877-4971 · Fax: 530-876-0483 · www.pidwater.com

December 2, 2025

Subject: Responding to Natural Catastrophes – New Models and Approaches

Dear SB 254 Study Team,

Paradise Irrigation District (herein “PID”) appreciates the opportunity to provide comments to inform the State’s work under SB 254 in evaluating new models to address California’s growing natural catastrophe risks. Our District serves a community that has experienced one of the most destructive wildfires in California history, and our experience has given us vital insight into the strengths and limitations of current wildfire compensation mechanisms. We offer these comments not only on behalf of our own community, but also in recognition of the thousands of wildfire survivors across California who are still waiting to be made whole.

PID is a public water agency formed in 1917 to provide drinking water to the residents and businesses of Paradise, a foothill community located in Butte County. Before the Camp Fire, PID delivered water to approximately 10,500 service connections and supported a population of roughly 26,000 people. The District operates surface water treatment facilities, reservoirs, and an extensive distribution system built over generations to serve a growing community. After the Camp Fire destroyed nearly 90 percent of the structures in our service area, PID’s customer base collapsed, and the District faced the unprecedented challenge of maintaining, repairing, and reconstructing essential infrastructure while the community itself struggled to rebuild. This history places PID in a unique position to comment on the critical importance of reliable, efficient, and full wildfire compensation systems.

As the State considers new models to stabilize insurance markets and provide rapid, equitable, and effective compensation in future catastrophic events, it is essential to begin from a clear understanding of what has and has not worked for past wildfire victims. California’s recent history demonstrates that the existing approach, which relies heavily on litigation, bankruptcy proceedings, and piecemeal financial structures, has not delivered full or fair compensation for many survivors. Despite the creation of the Fire Victim Trust in the PG&E bankruptcy case, over 66,000 fire victims—including survivors of the 2017 North Bay Fires, the 2018 Camp Fire, and other catastrophic events—have received only a portion of their documented and adjudicated losses. The Trust is now projecting that its final distribution will be only about one additional percent, leaving victims at roughly seventy-one cents on the dollar. That means that approximately six billion dollars in losses suffered by California residents, small businesses, local governments, and public agencies are likely to go uncompensated. This shortfall was not the result of insufficient documentation or disputed claims; rather, it reflects structural limitations in the current compensation system and the inability of the existing framework to guarantee full recovery to fire victims.

This outcome is inconsistent with the principles expressed in SB 254 and the Public Utilities Code, which emphasize equity, safety, rapid and efficient compensation, and the need to balance risk in a way that protects Californians while maintaining a stable energy and insurance system. A compensation system that only returns a portion of what people have lost, even when liability is established and losses are fully documented, falls short of these objectives. At the same time, the consequences of under-compensation are long-lasting: families struggle to rebuild or stay in their communities; small businesses lose the capacity to reopen; local governments face diminished tax bases and reduced public services; and agencies like ours must maintain or rebuild critical infrastructure without adequate resources. Under-compensation does not simply blunt recovery—it risks hamstringing communities like Paradise for generations to come.

For PID, these dynamics are especially profound. Rebuilding requires not only repairing individual homes and businesses but restoring the essential public infrastructure that makes a community viable. In the aftermath of the Camp Fire, our water system suffered extensive systemwide damage. Repairing and restoring this infrastructure has taken years and has strained the District's financial capacity. We have endured thanks to backfill funding opportunities from the state and federal government—but the District still faces its share of financial challenges. At the same time, population loss dramatically reduced our customer base and associated revenue, even as our operational obligations remained the static or increased. These dynamics cause cascading issues, such as affordability concerns for domestic water supply and other essential public services. These challenges were compounded by the limitations of the claims process. Like many other public agencies involved in the PG&E bankruptcy, PID has not been made whole, despite documented losses and years of effort. A recovery system that relies on litigation or bankruptcy processes creates significant delays, high transaction costs, and protracted uncertainty, none of which serve communities trying to rebuild.

Our experience reflects a broader truth: litigation and bankruptcy are not suitable mechanisms for providing full, fair, and timely compensation to victims of catastrophic wildfire events. They are adversarial by design, slow by nature, and expensive for all parties involved. As catastrophic events increase in scale and frequency due to climate change, the gap between victims' losses and their actual compensation will only grow unless California adopts a different approach. For these reasons, we urge the Study to evaluate a compensation model that moves away from litigation-driven recovery and toward a streamlined, administrative, low-cost system capable of rapidly and predictably delivering full compensation. Other large-scale disaster compensation systems, including the September 11th Victim Compensation Fund, offer viable models for California. An administrative program with standardized documentation and valuation criteria, clear timelines, and professional claims examiners trained in disaster recovery can dramatically reduce costs and ensure that victims receive 100 percent of their documented losses. Such a model would provide consistent treatment across victims and communities with less strain on our legal system. By replacing unpredictability with clarity and delay with efficiency, California can better support both future victims and the economic recovery of affected regions.

Importantly, any new model cannot focus solely on future disasters. California cannot build a new framework for tomorrow while ignoring the thousands of residents and agencies who remain undercompensated for past catastrophes. A comprehensive study must acknowledge the approximate \$6 billion shortfall in the PG&E Fire Victim Trust and evaluate mechanisms to

address that gap. California should demonstrate that its commitment to fairness and equity extends to those who have already suffered devastating losses. Addressing the under-compensation of past victims is both a moral obligation and a practical necessity; failing to do so risks undermining public trust in any new system.

A more effective compensation model must also recognize the essential role of public agencies in recovery. Communities cannot function without safe and affordable drinking water, fire suppression capacity, wastewater treatment, and other utility services. After a wildfire, public agencies face massive infrastructure repair costs, months or years of lost revenue, and significant operational demands. Many of these impacts to public agencies are not satisfactorily addressed through insurance or other programs, such as the Stafford Act governing federal disaster response. The claims processes available to public entities often mirror those of private litigants, despite their fundamentally different role and obligations. Public agencies cannot relocate, delay service, or reduce system scale to match revenue loss; they must continue providing essential services even as their financial base collapses. Moreover, public agencies are not-for-profit and have various constitutional constraints on their ability to generate revenue, such as Proposition 218 (Cal. Const., Art. 13D, § 6). Any revamped compensation model should therefore include a dedicated pathway for public agencies and corresponding administrative processes equipped to expeditiously evaluate and compensate for complex infrastructure and other losses.

Finally, the principle underlying these recommendations is simple: wildfire victims deserve to be made whole. Whether losses occur in the future or have already occurred—as they did for the many thousands of survivors still waiting for fair compensation—California’s commitment to equity and resilience requires a system that does not accept seventy-one percent recovery as an acceptable outcome. The State’s policies should reflect the fundamental understanding that rapid, full compensation is not only a matter of fairness but a critical component of community survival and statewide resilience in the face of a changing climate.

PID appreciates the opportunity to submit these comments and urges the Study to ensure that its recommendations reflect both the needs of future victims and the unfinished obligations owed to past ones. We stand ready to support the State’s efforts and to provide any additional information that may assist you in this important work.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kevin Phillips', with a stylized flourish at the end.

Kevin Phillips
District Manager, Paradise Irrigation District