California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority
(CalMutuals JPRIMA)
1370 N Brea Blvd, Ste 224
Fullerton, CA 92835

November 3, 2025

Tom Welsh, Chief Executive Officer
California Earthquake Authority
400 Capitol Mall #1200
Sacramento, CA 95814

Subject: *Call for Contributions – Study on New Models and Approaches to Complement or Replace the Wildfire Fund*

Dear Mr. Welsh:

The California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (CalMutuals JPRIMA) appreciates the opportunity to offer recommendations for further study as part of your report exploring new models and approaches to complement or replace the Wildfire Fund.

CalMutuals JPRIMA insures both public agencies and community-owned mutual water companies across California. We urge the Authority to consider the profound impact of California's inverse condemnation doctrine on all utilities, including community water systems. Three of our member systems were severely affected by the Eaton Fire in Altadena earlier this year, illustrating how current liability laws expose essential service providers to financial jeopardy even when they are not at fault.

Drinking water systems are designed to deliver safe, reliable water service—not to suppress wildfires. Yet under inverse condemnation, these systems can be held strictly liable for fire-related damages beyond their control. This framework discourages investment in infrastructure resilience, increases costs for ratepayers, and undermines California's broader climate adaptation goals.

We respectfully recommend that the California Earthquake Authority's study:

1. **Acknowledge the distinct mission of public and mutual water systems**—ensuring health and reliability, not wildfire suppression.

2. **Incorporate the *City of Oroville* (2019) precedent**—liability should attach only where deliberate design or unreasonable conduct causes damage.

3. **Evaluate legislative options** to clarify that water systems not responsible for starting or spreading fires should be exempt from strict liability.

4. **Ensure parity in liability reform**—public and not-for-profit water suppliers deserve the same consideration as electric and gas utilities. If electric and gas utilities receive tailored protections, equivalent consideration must extend to California's water suppliers to avoid shifting risk disproportionately to ratepayers or customers.

5. **Promote resilience investment** by aligning liability reform with incentives for system hardening, microgrids, and regional water partnerships.

California's inverse condemnation doctrine, once intended to protect victims, now poses a threat to the stability of essential community services. Reforming it is vital to ensuring that water systems can remain reliable, affordable, and resilient in the face of escalating wildfire and climate risks.

Thank you for considering these comments.

Sincerely,

Susan E Allen, Ed.D.
Chief Executive Officer
CalMutuals JPRIMA