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November 3, 2025

Tom Welsh
Chief Executive Officer and Administrator of the Wildfire Fund
California Earthquake Authority
400 Capitol Mall, Suite 1200
Sacramento, CA 95814

Laurie A. Johnson PhD FAICP
Research Study Director, SB 254 Natural Catastrophe Resiliency Study
California Earthquake Authority
400 Capitol Mall, Suite 1200
Sacramento, CA 95814

Re: Call for Contributions in Support of Study on New Models and Approaches to Complement or Replace the Wildfire Fund

Dear Chief Executive Officer Welsh and Dr. Johnson:

Catastrophic wildfires threaten California's safety, affordability, and climate goals. As such, California's large investor-owned utilities appreciate the opportunity to contribute to the California Earthquake Authority's study under Senate Bill 254. We recognize and welcome the leadership of the Governor, the Legislature, and the CEA in advancing this important and timely effort to evaluate and design new models that strengthen the state's approach to wildfire prevention, mitigation, response, recovery, and resilience.

As active participants in California's wildfire resilience efforts, we have seen firsthand both the progress achieved and the remaining work to be done to promote safety, affordability, and reliable energy for all Californians. We view this process as a critical opportunity to collaborate across sectors to develop durable, fair solutions that protect impacted individuals, families, businesses, and communities, lower costs for customers, and enable continued investment in a safe, clean, affordable, and climate-resilient future.

We are grateful for the opportunity to share our perspectives to inform this collective effort and look forward to continued engagement throughout the study process.

Sincerely,



Carla Peterman
Executive Vice President
Corporate Affairs
& Chief Sustainability Officer
PG&E



Dan Skopec
Senior Vice President & Chief
Regulatory Officer
SDG&E



Caroline Choi
Executive Vice President, Public
Policy & Corporate Affairs
Edison International and
Southern California Edison

Contact Information:
saul.gomez@pge.com
lfulton@sdge.com
catherine.leland@edisonintl.com

Abstract 1: Catastrophic Wildfires Threaten California and Californians

Context

California faces a unique and escalating wildfire threat. The January 2025 wildfires underscore the escalating threat of climate-driven extreme weather and its impact on catastrophic wildfire frequency and severity. They also underscore how rising insurance premiums and energy costs, reduced access to coverage, and complex, inequitable systems to support recovery, are straining families, businesses, individuals, and communities statewide.

Despite California's progress in addressing resilience — through mitigation, prevention, and suppression — urgent action is still needed to safeguard lives and communities, and to promote affordability.

California must advance toward a modern, sustainable, durable wildfire framework that further promotes safety, affordability, and climate resilience and protects individuals, families, businesses, and communities. An improved wildfire framework, anchored in shared responsibility and accountability, can reduce catastrophic wildfire risk, accelerate recovery, lower costs, and distribute costs more fairly.

Together, government, communities, land/homeowners, utilities, insurers, telecommunication companies, and others can build a more wildfire-resilient future, protect lives, stabilize costs, and enable a cleaner, safer, and more affordable future for all Californians.

Abstract

Catastrophic wildfires endanger the safety, well-being, economic vitality, and long-term sustainability of California. Cal Matters estimates that 1 in 8 Californians live in areas at high or very high risk of wildfires, a figure which is expected to rise, driven by climate change, housing costs, land use patterns, forest management practices, and other external factors. The scale of damage is also growing. NCEI reports that billion-dollar wildfire events in California totaled \$100-200B in damage from 1980-2024, with \$20-50B in 2020-2024 alone. Despite important advances in mitigation and safety investments, three key challenges remain that require a more coordinated, fair, and sustainable approach to prevention, mitigation, and cost recovery:

Problem 1: Catastrophic wildfires threaten California's safety and well-being

Catastrophic wildfires increasingly endanger the lives and well-being of Californians. Most recently, the January wildfires in Southern California claimed 31 lives and destroyed over

Abstract 1: Catastrophic Wildfires Threaten California and Californians

18,000 structures. Beyond immediate loss of life and property, wildfires cause broader societal impacts.

Problem 2: Catastrophic wildfires threaten California's affordability and economic vitality

In the current system, wildfire impacts create compounding costs across housing, construction, utilities, and insurance that burden California's families and businesses. There is a vicious cycle where wildfire damage and escalating risk decreases access to affordable insurance for homes and businesses, erodes investor confidence, and drives up the cost to borrow and to build housing and critical infrastructure. These economic pressures hurt affordability, worsen inequality, and make it harder for communities statewide to thrive. They also undermine California's economic vitality.

Problem 3: Catastrophic wildfires threaten California's climate progress

Catastrophic wildfires create financial strain that impedes the state's ability to meet its climate goals. The impact of wildfires creates pressure on electricity and insurance rates, which increases the cost of essential investments in clean, safe, and reliable energy. Without stronger systemic approaches, wildfire risk will continue to erode both confidence and capacity to advance California's clean energy transition.

Catastrophic wildfires are a generational challenge and require a generational solution to protect the social and economic interests of all Californians. Many factors make California's wildfire challenge unique, including its vegetation, climate, property values, weather, and density in the wildland-urban interface. Wildfire risk is already high and is increasing. California's resolve and response must match the urgency of the challenge, and it must be comprehensive and multi-sectoral to achieve the best outcomes at the lowest cost. In this paper, we will detail the safety, affordability, accessibility, and societal impacts of wildfires and how they threaten communities and California's sustainable and affordable future.

Abstract 2: California Needs a Whole-of-Society Wildfire Solution

Context

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Abstract

A new approach to achieving a safer, fairer, and more affordable California must address three key challenges across prevention, mitigation, response, and recovery.

Problem 1: California must accelerate current progress towards a comprehensive, collaborative approach across stakeholders

Catastrophic wildfires are a complex issue driven by a diverse set of factors (e.g., lightning strikes, fuel conditions, wind, rate of spread, speed of detection, preparedness, response capacity, and recovery) as well as by actions of many stakeholders. Thus, any effective approach to safety and resilience demands collective action. Significant progress has been made by the state government, utilities, community organizations, and environmental and land management groups. However, a swifter and more comprehensive approach is necessary to mobilize sectors and Californians towards ambitious, coordinated actions to mitigate catastrophic wildfire risk and to implement the most effective and cost-efficient solutions.

Abstract 2: California Needs a Whole-of-Society Wildfire Solution

Problem 2: Funding mechanisms are insufficient and inconsistent to meet rising challenges and disproportionately burden some stakeholders

California's current funding system lacks both sufficiency and predictability, leaving wildfire prevention, response, and recovery efforts under-resourced and unevenly supported. These gaps are further exacerbated by the rising costs of catastrophic wildfire recovery, which place an increasing and disproportionate financial burden on certain stakeholders, particularly utility customers.

Problem 3: The current recovery process for people and communities impacted by wildfires is unfair and slow

All of those impacted by California's wildfires deserve support, but California's current recovery framework results in recourse only to the extent that impacted communities, individuals, families, and businesses have sufficient insurance or legal claims against a financially solvent responsible party. This system too often leaves those impacted without sufficient recourse or resources, encourages over-reliance on litigation, and enables opportunistic claims benefiting third parties and not the individuals and communities impacted by wildfires. For example, Bloomberg estimates that a single hedge fund made \$1B in profit from wildfire payouts in 2020. The system creates uncertainty and fails to support fast and fair recovery for those impacted by wildfires, with low-income families and at-risk communities disproportionately affected. At the same time, legal, transactional and bureaucratic overheads drive up total costs, ultimately lowering the amount that goes to those impacted and to individual and community recovery and rebuilding efforts, while driving up costs for customers and hurting affordability for California businesses and residents.

Addressing these challenges requires a comprehensive, coordinated approach that unites prevention, mitigation, funding, recovery, and accountability across all sectors. This paper will outline the elements of a more predictable and fairer framework that can reduce wildfire risk, restore affordability, and strengthen California's long-term safety, climate, and economic resilience.

Abstract 3: Community Wildfire Resilience Goes Beyond the Grid

Context

California faces a unique and escalating wildfire threat. The January 2025 wildfires underscore the escalating threat of climate-driven extreme weather and its impact on catastrophic wildfire frequency and severity. They also underscore how rising insurance premiums and energy costs, reduced access to coverage, and complex, inequitable systems to support recovery, are straining families, businesses, individuals, and communities statewide.

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Introduction

California has made meaningful progress in mitigating catastrophic wildfire risk through grid hardening, faster detection, fuel reduction efforts, and modernized suppression. Yet catastrophic wildfires continue to occur, and risk continues to rise due to external factors. Achieving large-scale and lasting risk reduction requires coordinated, multi-stakeholder action that addresses both ignition risk and post-ignition consequence across communities, landscapes, and agencies.

Currently, two core challenges impede a strengthened approach to California's community resilience.

Problem 1: Community resilience is not occurring at scale, which would require many stakeholders taking action individually and collectively

From disaster mitigation to preparation and response, multiple potential failure points contribute to wildfire risk. Federal, state, tribal, and local governments, utilities,

Abstract 3: Community Wildfire Resilience Goes Beyond the Grid

telecommunications providers, homeowners, businesses, and communities each play a critical role in upholding the chain of resilience, yet efforts are often invested unevenly. Aligning incentives and improving coordination across these and other actors can help motivate and sustain momentum for both public and private sector investment in broad-based resilience measures. Furthermore, sustained community engagement and local buy-in are also essential, since the success of mitigation depends not only on funding and policy alignment but on consistent and wide participation and ownership from residents, property owners, and local leaders.

While collaboration among stakeholders has dramatically improved, gaps persist across prevention and response. California can build on its foundation by creating a more integrated, whole-of-society approach that empowers tailored, but broad-based localized action, breaks down barriers to change, and surfaces the most effective mitigation strategies and highest-risk areas. Aligning resources and incentives will enable participants to execute more efficaciously and cost-effectively.

Problem 2: Lack of sufficient and stable funding slows key mitigation efforts, with financing burden unevenly distributed.

Many stakeholders are actively developing mitigation and community resilience plans. However, efforts are frequently constrained by limited or inconsistent funding, particularly for non-utility-driven strategies such as proactive land management, property hardening, and community resilience. Supporting mechanisms that channel resources to the highest-impact mitigation strategies could strengthen resilience while lowering overall costs. There is also an opportunity to more fairly share these costs across all parties, including insurers, governments, utilities, businesses, and individuals. Building a clearer, data-driven understanding of the collective social and financial returns from specific mitigation efforts would support more balanced cost sharing and sustained investment across sectors.

This paper assesses how California can strengthen its whole-of-society approach to wildfire resilience by aligning incentives, responsibilities, and actions across sectors. The analysis will include an assessment of opportunities to strengthen resilience across the disaster response cycle by identifying potential failure-points and evaluating both potential ignition-risk reduction measures (e.g., enforcing wildland–urban interface codes, promoting home hardening and defensible space, and scaling fuels management practices) and community consequence-reduction strategies (e.g., those that improve preparedness and response). It will also assess opportunities to better mobilize stable and sufficient resources where they deliver the greatest benefits for California’s communities.

Abstract 3: Community Wildfire Resilience Goes Beyond the Grid

For example, by promoting increased collaboration, laying out performance-based standards, or implementing incentives that reward measurable outcomes.

Abstract 4: Amplifying Existing State & Utility Ignition Risk Reduction

Context

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Introduction

California's state agencies and utilities have made substantial investments in ignition prevention through vegetation management, utility grid hardening, and other initiatives. They have also increased efforts and coordination to improve situational awareness and early detection, through cameras and other technologies, as well as to strengthen suppression capacity. These efforts have enhanced coordination among utilities, community partners, and emergency responders, reducing utility-related ignition risk while also modernizing and accelerating wildfire suppression efforts. Yet rising climate and fuel risks demand faster, more coordinated action. Realized risk reduction can be amplified by addressing implementation barriers and improving alignment across stakeholders so that every dollar spent on mitigation delivers maximum safety and resilience benefits.

Problem 1: Diluted impact from mitigation spending due to implementation friction

State agencies and utilities have significantly expanded wildfire mitigation programs, but realized risk reduction is constrained by procedural complexity, misaligned timelines, and

Abstract 4: Amplifying Existing State & Utility Ignition Risk Reduction

variable coordination and requirements from regulators, land managers, and resource protection agencies. Complex, often overlapping, permitting and differing planning frameworks across agencies slow the implementation of safety work. This limits the efficiency and scale of mitigations and reduces the collective impact of public and private investment.

Problem 2: Lack of consistent, comprehensive analytical decision making, informed by shared data and innovation, in addressing evolving wildfire risk

California has made meaningful progress in collecting and using data to monitor risk, prioritize actions, and track mitigation outcomes, but accessibility and consistency still vary across agencies, regions, and stakeholders. Scaling up successful efforts, expanding data sharing, and developing common metrics would enable more consistent, evidence-based decision making, improve coordination across programs, and funnel funding to strategic efforts with the greatest risk reduction at the lowest societal cost. Shared analytical tools and inputs can also help strengthen models and action plans while enabling better tailoring to local contexts to direct mitigation where it will be most effective. Greater transparency and guidelines around measurable risk-reduction outcomes could further help insurers and modelers quantify mitigation benefits, supporting lower energy and insurance costs for Californians.

This paper will explore how California can amplify existing utility and state investments in ignition reduction by streamlining implementation processes, improving coordination, and strengthening data-driven prioritization of actions across and by utilities, agencies, and communities. The analysis will examine strategies to reduce procedural barriers that delay mitigation work and improve alignment across permitting and planning frameworks. It will also assess opportunities to scale and expand accessibility of data systems, analytical tools, and performance metrics that enable consistently high-quality, evidence-based decision making to support localized, high-impact interventions. The findings will inform recommendations for a coordinated framework that accelerates ignition-risk reduction and the efficiency of public and private mitigation spending.

Abstract 5: Building Wildfire-Resilient Utilities for an Affordable California

Context

California faces a unique and escalating wildfire threat. The January 2025 wildfires underscore the escalating threat of climate-driven extreme weather and its impact on catastrophic wildfire frequency and severity. They also underscore how rising insurance premiums and energy costs, reduced access to coverage, and complex, inequitable systems to support recovery, are straining families, businesses, individuals, and communities statewide.

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Abstract

Utilities rely on steady access to low-cost capital to build electrical infrastructure and fulfill their mandate to safely provide reliable, clean, and affordable power to customers. Utilities make investments that serve the public interest and have a duty to deliver power to any and all customers in their service areas, even those in hard-to-serve or high-risk areas. California's utilities serve a population of over 39 million across a state where 1 in 8 people live in an area of high fire risk. Together, they operate over 290 thousand miles of distribution and transmission lines and serve as a vehicle for key aspects of the state's economic and climate agenda –for example, by investing in:

- Transmission lines that support California's climate goals by bringing more clean power to the state's load centers
- Grid expansion projects that enable electrification and the availability of new housing

Abstract 5: Building Wildfire-Resilient Utilities for an Affordable California

- Infrastructure to support ready access to power, improve timing and capacity for interconnections and to accommodate new generation essential to the state's economic growth
- Projects to modernize and make the grid more resilient to a range of potential climate impacts

However, catastrophic wildfires and the state's current wildfire framework pose significant risks to customer affordability and threaten the state's ability to achieve its goal of a clean, safe, affordable and reliable energy, and a thriving economy. A single wildfire can cost billions of dollars for utilities and their customers, raising the cost of investing in new infrastructure, and placing utilities at higher risk of bankruptcy.

With the risk of severe fires increasing across the state, California's utilities will continue to face challenges accessing affordable capital. This not only undermines customer affordability but also constrains critical investments that are essential to achieving California's goals to grow the economy, combat climate change, and protect well-being.

This paper will examine the impact that California's current wildfire liability framework has on utilities, their customers, and California's economy and will propose solutions that balance accountability, affordability, and public benefit.

Abstract 6: Assessing California's Current Wildfire Cost-Sharing Mechanisms

Context

California faces a unique and escalating wildfire threat. The January 2025 wildfires underscore the escalating threat of climate-driven extreme weather and its impact on catastrophic wildfire frequency and severity. They also underscore how rising insurance premiums and energy costs, reduced access to coverage, and complex, inequitable systems to support recovery, are straining families, businesses, individuals, and communities statewide.

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Abstract

In recent years, California's wildfires have grown more frequent, intense, and destructive. Prolonged droughts and rising temperatures have created vast reserves of dry fuel in rural and forested areas. Meanwhile, high housing costs, among other factors, have led to expanded development in Wildland-Urban Interface (WUI) regions, increasing both community exposure and the complexity of fire management. Under these conditions, ignitions that might have once sparked relatively small fires with limited damage to property can now trigger catastrophic fires that impose far greater costs than before.

Despite the broader set of factors contributing to catastrophic wildfires and their impact, utilities and their customers currently shoulder a disproportionate and unsustainable share of financial responsibility. It is important to note that utilities, unlike other industries, have a duty to serve any and all customers in their service areas, meaning they must provide service in areas that have significant wildfire risk. Meanwhile, current cost sharing

Abstract 6: Assessing California's Current Wildfire Cost-Sharing Mechanisms

mechanisms for catastrophic wildfires rely on fragmented, inconsistent systems of recovery. This results in recourse only to the extent that impacted communities have sufficient insurance or legal claims against a financially-solvent responsible party.

Moreover, significant portions of funding fail to reach those most affected after a catastrophic wildfire, and instead are diverted away from impacted individuals, families, businesses and communities to bureaucratic costs, financial interests, and other inefficiencies. Overlapping and inconsistent responsibilities, standards, venues for decision making, and a high reliance on litigation often result in significant portions of funds being used to fund the process and other interests rather than to provide direct relief and recovery to impacted individuals, families, businesses and communities, at the expense of customers and affordability for California residents and businesses.

This paper will examine the flow of costs and claims associated with catastrophic wildfires within California's existing framework. The findings will inform recommendations for a more balanced and collaborative cost-sharing structure, which may include broader public funding mechanisms, and predictable capped financial exposure and financial structures to support stability and fairness for customers and California residents and businesses while accelerating recovery for impacted individuals and communities.

Abstract 7: Designing a Fair and Equitable Future State for Catastrophic Wildfires

Context

California faces a unique and escalating wildfire threat. The January 2025 wildfires underscore the escalating threat of climate-driven extreme weather and its impact on catastrophic wildfire frequency and severity. They also underscore how rising insurance premiums and energy costs, reduced access to coverage, and complex, inequitable systems to support recovery, are straining families, businesses, individuals, and communities statewide.

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Abstract

California's existing framework for allocating the costs of catastrophic wildfires is at a critical juncture. Due to increasing frequency and severity of wildfires, California residents and businesses are encountering shrinking access to insurance coverage. Additionally, the California Wildfire Fund, which was designed to provide critical and timely access to funds and protect against customer rate volatility (or the subset of wildfires linked to utility equipment) faces potential depletion risk as well as rising claim and litigation costs. Without reform, the next major wildfire event could expose impacted individuals, families, communities, insurers, utilities, and utility customers to uneven, unpredictable, and unsustainable financial burdens.

To ensure long-term resilience, California needs an approach that fairly distributes both costs and risks of catastrophic wildfires and incentivizes mitigation by all parties. This paper will examine a range of policy and structural options. Potential pathways include,

Abstract 7: Designing a Fair and Equitable Future State for Catastrophic Wildfires

but are not limited to, the introduction of state-managed insurance, reinsurance, and other mutualization programs; targeted measures to strengthen participation in the private insurance market; the creation of specialized compensation funds for catastrophic losses; and modifications to the existing wildfire fund to promote predictable risk exposure for utilities and their customers and expanded socialization.

Drawing from US and international precedents in catastrophe risk-sharing, the paper will examine the distribution of social and economic costs under different approaches.

Mechanisms will be informed by guiding principles, such as:

- **People-focus:** ensuring timely, predictable compensation focused on helping impacted individuals and communities rebuild faster
- **Fair distribution of costs and responsibilities:** Redefining responsibility to fairly distribute costs and risks among appropriate stakeholders for society-wide damages
- **Affordable and reliable access to power:** maintaining affordable and reasonable rates for utility customers and reliable access to capital to support clean, safe, and reliable energy
- **Reliable access to insurance:** ensuring that all Californians have access to insurance with clear expectations on coverage
- **Administrative simplicity:** minimizing litigation costs and enhancing transparency, through mechanisms to speed up payments and reduce time, uncertainty, and expense associated with litigation to benefit those impacted
- **Durability:** setting up a system that is sustainable in the long run

The objective of this paper is to support a shared understanding of viable paths forward for California's policymakers, utilities, and residents anchored in fairness, sustainability, and long-term resilience.

Abstract 8: Challenges of California's Current Compensation Framework

Context

California faces a unique and escalating wildfire threat. The January 2025 wildfires underscore the escalating threat of climate-driven extreme weather and its impact on catastrophic wildfire frequency and severity. They also underscore how rising insurance premiums and energy costs, reduced access to coverage, and complex, inequitable systems to support recovery, are straining families, businesses, individuals, and communities statewide.

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Introduction

California's current wildfire framework provides important though inconsistent protection for those impacted and delivers it through a slow and costly litigation process. Complex claims, overlapping parties and venues, and high transaction costs mean that much of the money intended for recovery does not reach affected individuals, families, businesses, and communities.

A more sustainable approach would include stronger accountability and safety-related incentives for all actors, enable faster, fairer, and more predictable compensation, and be affordable for customers. The goal is to ensure resources reach people quickly and that the framework remains durable and affordable for all Californians.

Problem 1: Impacted people face slow and uneven recovery

For those impacted by wildfires, the current framework translates to long delays and uncertainty. Compensation depends on complex determinations of causation and fault

Abstract 8: Challenges of California's Current Compensation Framework

that unfold across multiple venues, including the courts, often taking years to resolve. Each layer of process adds complexity, increases costs for California customers, and leads to a significant share of recovery dollars being consumed by external factors and actors, diverted from the individuals, families, businesses, and communities who need them most.

The structure has also enabled a parallel economy around wildfire claims — an industry of intermediaries, claim aggregators, litigation funders and others that profit from the process at the expense of customers and impacted individuals. These transaction costs can absorb significant portions of every recovery dollar, leaving less for impacted individuals and slowing community rebuilding. People with limited insurance or resources may wait the longest, deepening inequities and hurting vulnerable communities. The result is stalled reconstruction, prolonged displacement, and persistent economic and community disruption across affected regions, businesses, and families.

Problem 2: Utility customers shoulder rising costs

While individuals, families, businesses, and communities struggle to rebuild, customers face the financial consequences of an unbalanced system (a system which, as discussed above, is too often funding intermediaries rather than those impacted). This system ultimately places a disproportionate burden on utility customers, directly through higher rates and indirectly through higher utility borrowing costs. Catastrophic fires also lead to reduced access to coverage, higher insurance premiums, or both for California households and businesses. Customers pay more through their electricity bills and again through rising insurance premiums, deepening affordability challenges and reducing California's overall economic competitiveness. Further, access to affordable capital to build, restore, or rebuild homes and businesses is also impacted, adding costs, reducing opportunities, and challenging a key path through which Californians have historically built wealth.

Problem 3: California's energy and insurance systems lose stability

The financial and regulatory uncertainty embedded in the current structure undermines the state's broader resilience agenda. Cost-recovery and prudence reviews often occur years after an event, applying hindsight bias rather than a clear standard of review based on compliance with pre-determined criteria. This unpredictability raises the cost to borrow, discourages long-term investments, and undermines utilities' ability to cost-effectively provide safe, affordable, reliable, and clean energy.

Abstract 8: Challenges of California's Current Compensation Framework

The same volatility spills into the insurance market. California's insurance market remains volatile as wildfire risks continue to rise. Persistent uncertainty around future losses and liability allocation, among other factors, has reduced coverage options and driven more homeowners onto the state's last-resort insurer. As of September 2025, the FAIR Plan's total policies-in-force reached 645,987 — a 39 percent increase since September 2024 and a 169 percent increase since September 2021. This rapid growth underscores the fragility of the current system and the broader challenge of maintaining accessible coverage in high-risk areas.

Conclusion

California's current compensation model too often delays recovery, adds significant unnecessary costs, and erodes confidence in the systems that families and communities rely on. It is jeopardizing affordability and access to coverage and housing. A modernized framework should deliver fast, fair recovery for people, align costs with controls, and provide clear, predictable standards that sustain investment in safety and prevention. By reducing litigation friction and improving financial stability across the energy and insurance sectors, California can ensure that more resources reach those impacted quickly while maintaining affordability and resilience for the long term. This paper will outline how the current framework operates, the consequences it creates for Californians, and lessons from other states that can help inform a more balanced, sustainable path forward.

Abstract 9: Modernizing California's Compensation Framework

Context

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Introduction

California's existing wildfire compensation framework provides essential protection for some people, limited support for others, and operates through an unpredictable, slow, fragmented, and costly system. In contrast to those affected by utility-related fires, others must navigate a patchwork of insurance and disaster-aid programs, generally receiving far less compensation even if their losses are equally or more severe. Modernizing this framework is key to making it more predictable for all parties, more durable under growing climate risk, more affordable to customers, and safer for communities.

Principle 1: Shared Responsibility

Wildfire risk is a shared challenge that extends well beyond utilities. Today, however, the system concentrates financial responsibility and accountability to mitigate wildfire risk on utilities, even though wildfire impacts depend on many factors such as weather, land use, and emergency preparedness and response. This imbalance creates uncertainty, drives up overall costs, and delays recovery for those impacted.

Abstract 9: Modernizing California's Compensation Framework

A fair framework should distribute costs and align incentives across all parties that influence wildfire outcomes, including utilities and other industrial companies, insurers, local governments, property owners, telecommunications companies, the state, and others, so that no single entity bears open-ended exposure and all entities are motivated to operate safely. A more balanced approach benefits everyone: when risk and responsibility are shared, energy and insurance remain affordable and accessible, customers are protected from large swings in costs, and utilities, housing developers, and others have access to affordable capital.

Collective investment in prevention through joint funds, layered insurance, co-funded mitigation programs, or other strategies also reduces the likelihood and severity of fires, protecting both lives and infrastructure. Shared responsibility replaces after-the-fact litigation with coordinated risk management, creating a more stable, transparent, and predictable system that works for communities, customers, and California's economy.

Principle 2: Predictability, Transparency, and Regulatory Cohesion

A predictable and transparent regulatory framework is the foundation of a stable, accountable compensation system. Operators, regulators, and investors all need clarity in advance about how safety performance will be evaluated and how associated costs will be recovered. While the state has made significant strides in this area, overlapping regulatory oversight and post-event prudence determinations often yield inconsistent or delayed outcomes. Aligning regulatory processes and establishing prospective benchmarks can reduce uncertainty, improve coordination across agencies, and support increased safety.

A predictable regulatory framework enhances oversight. When expectations are defined up front, regulators and the public can measure performance against consistent, transparent criteria rather than shifting, hindsight-based judgments. Linking cost recovery to demonstrable safety performance, through independent verification, compliance audits, or other strategies, creates incentives for continued investment in prevention and resilience. Allowing flexibility to retire or revise underperforming programs and to integrate new technologies or methods as conditions, data, and wildfire risks evolve can help maximize safety benefits at lower costs and ensure that accountability and adaptability go hand-in-hand for the benefit of all Californians.

Greater regulatory cohesion and clarity lowers financing costs, attracts affordable capital, and increases the extent to which investments translate into tangible results and benefits for communities.

Abstract 9: Modernizing California's Compensation Framework

Principle 3: Speed and Accessibility for those impacted

Compensation should be fast, fair, and simple. Administrative or hybrid recovery mechanisms could coexist alongside judicial pathways to provide predictable, people-first outcomes while minimizing transaction costs and delays. A clearly defined and simple process for fair, no-fault payments, paired with robust oversight, would help families rebuild sooner while reducing litigation burdens on all parties. Delivering support quickly does not compromise diligence. Rather, it focuses resources where they matter most: getting Californians back on their feet and rebuilding more resilient communities.

Conclusion

Modernizing California's wildfire framework to one built on predictability, shared responsibility, speedy support, and regulatory cohesion would transform a reactive, high-cost system into one that drives prevention, accelerates recovery, and safeguards affordability for generations to come. This paper will outline the components of a fair system effectively designed to protect people and communities, in a durable and financially sustainable manner.

Abstract 10: Delivering Timely Wildfire Compensation

Context

California faces a unique and escalating wildfire threat. The January 2025 wildfires underscore the escalating threat of climate-driven extreme weather and its impact on catastrophic wildfire frequency and severity. They also underscore how rising insurance premiums and energy costs, reduced access to coverage, and complex, inequitable systems to support recovery, are straining families, businesses, individuals, and communities statewide.

Despite California's progress in addressing resilience — through mitigation, prevention, and suppression — urgent action is still needed to safeguard lives and communities, and to promote affordability.

California must advance toward a modern, sustainable, durable wildfire framework that further promotes safety, affordability, and climate resilience and protects individuals, families, businesses, and communities. An improved wildfire framework, anchored in shared responsibility and accountability, can reduce catastrophic wildfire risk, accelerate recovery, lower costs, and distribute costs more fairly.

Together, government, communities, land/homeowners, utilities, insurers, telecommunication companies, and others can build a more wildfire-resilient future, protect lives, stabilize costs, and enable a cleaner, safer, and more affordable future for all Californians.

Abstract

California's existing wildfire compensation framework relies heavily on litigation, and often leaves those impacted by wildfires with uneven support, navigating a process that is slow, costly, fragmented, and inconsistent. Recovery unfolds across multiple venues — including federal emergency assistance, the courts, insurance, and can involve bankruptcy — creating years-long delays and uneven outcomes. The result is not only prolonged hardship for impacted individuals, families, businesses, and communities as well as significant dislocation, but also a cycle of escalating costs that reverberates across the system through higher insurance premiums, electricity rates, and limited access to affordable financing to rebuild.

A fair framework can improve this system by providing a more expeditious, transparent, predictable pathway for those impacted by wildfires to receive timely compensation without the uncertainty, delay, and associated cost of waiting for the conclusion of fault determination. By standardizing eligibility, documentation, and payout formulas, the

Abstract 10: Delivering Timely Wildfire Compensation

process can lower transaction costs, build transparency, and increase trust. Such mechanisms are not a substitute for accountability; rather, they provide impacted residents and businesses with an option that would improve predictability and ensure that funds reach them when they are needed most. Further, if designed to be available to all those impacted regardless of the cause of the fire, the process can enhance consistency and fairness.

Early experiences underscore the potential benefits. Programs designed with clear administrative responsibility, transparent rules, and standardized valuation formulas — such as Hawaii’s Global Settlement following the Lahaina fire — demonstrate that structured, easily navigable models can cut time-to-payment and reduce administrative costs per dollar delivered while maintaining high participation from those impacted. Embedding similar design principles, California could ensure that recovery funds consistently reach those impacted by wildfires rather than being diverted to legal and bureaucratic costs or to out-of-state financial interests. Resolving claims through such a process can be voluntary, enabling the process to operate alongside legal and insurance frameworks.

Over time, a streamlined recovery mechanism could become a cornerstone of California’s broader wildfire resilience strategy. It could enable faster, fairer payouts after any catastrophic wildfire — regardless of cause. By establishing a transparent, rules-based process, a properly designed system could reduce legal, transactional, and bureaucratic costs. Additionally, it could discourage third-party claim and case aggregation or assignments, which are often initiated by out-of-state actors and maximize payouts for intermediaries rather than those impacted by wildfires. By accelerating payments, the mechanism reduces financial strain for those impacted by wildfires, lowers costs for customers, and channels more dollars where they are needed most — toward individuals, families, businesses, communities, and rebuilding efforts.

California’s improved recovery model should be built on clarity, speed, and shared responsibility — delivering tangible, predictable results for those impacted by wildfires while reinforcing the affordability and financial stability of the state’s wildfire framework. Together with reforms that bring predictability, balance, and reduced total costs, a well-designed administrative claims program can move California from a reactive, litigation-driven cycle toward one of transparency, fairness, and lasting resilience. This paper will outline the themes and lessons learned from models across geographies, with the findings informing the key elements of an effective ‘fast pay’ system that accelerates recovery and

Abstract 10: Delivering Timely Wildfire Compensation

community rebuilding. It will outline multiple options, including systems that complement property insurance and systems that handle property damage and insurance claims.

Abstract 11: Collective Stakeholder Action Drives Long-Term Wildfire Resilience

Context

California faces a unique and escalating wildfire threat. The January 2025 wildfires underscore the escalating threat of climate-driven extreme weather and its impact on catastrophic wildfire frequency and severity. They also underscore how rising insurance premiums and energy costs, reduced access to coverage, and complex, inequitable systems to support recovery, are straining families, businesses, individuals, and communities statewide.

Despite California's progress in addressing resilience — through mitigation, prevention, and suppression — urgent action is still needed to safeguard lives and communities, and to promote affordability.

California must advance toward a modern, sustainable, durable wildfire framework that further promotes safety, affordability, and climate resilience and protects individuals, families, businesses, and communities. An improved wildfire framework, anchored in shared responsibility and accountability, can reduce catastrophic wildfire risk, accelerate recovery, lower costs, and distribute costs more fairly.

Together, government, communities, land/homeowners, utilities, insurers, telecommunication companies, and others can build a more wildfire-resilient future, protect lives, stabilize costs, and enable a cleaner, safer, and more affordable future for all Californians.

Abstract

Achieving California's wildfire safety, affordability, and climate goals requires collaboration, shared responsibility, and accountability across all sectors. Renewed efforts must include a broader range of stakeholders that impact the state's wildfire landscape and cover mitigation, response, and recovery.

While substantial progress has been made by many stakeholders to accelerate mitigation and support community resilience, the level of effort and investment varies among stakeholders. To achieve California's ambitious goals and rise to the unique challenge wildfires pose, all stakeholders must do more to accelerate progress in ending catastrophic wildfires.

Abstract 11: Collective Stakeholder Action Drives Long-Term Wildfire Resilience

Furthermore, the current framework has created imbalances in cost-sharing in the wake of catastrophic fires, leading to an unsustainable and unfair system where utility customers bear a disproportionate burden. This strains Californians' pockets and restricts utilities' access to affordable capital, limiting their ability to build infrastructure and fulfill their mission to provide safe, reliable, clean, and affordable power to all California households and businesses. Additionally, today's framework has uneven, imbalanced, and too often insufficient incentives for non-utility stakeholders to participate in mitigation efforts and to focus on operating safely. This has contributed to gaps in funding and implementation of high-potential interventions, such as vegetation and land management, as well as property and community hardening.

To make sustained progress, California needs a unified approach among and inclusive of all stakeholders that links collaboration, performance, and accountability. A shared framework should clarify responsibilities across prevention, mitigation, response, and recovery, and include transparent metrics to track outcomes statewide, while taking local conditions into account. Collaboration must lead to measurable commitments and actions across the state and ensure each stakeholder delivers on their responsibility to reduce risk and support the individuals, families, businesses, and communities impacted by wildfires. When accountability is distributed and visible, incentives for prevention, cost control, and recovery become aligned, resulting in fewer and smaller incidents, faster community rebuilding, and more efficient use of public and private resources.

This paper will explore ways to strengthen collaboration, to promote shared responsibility and accountability, and to connect stakeholders across sectors to mitigate and better address catastrophic wildfires. It will also explore options for coordinated implementation of actions grounded in evidence. Proposed strategies will build upon the success of the California Wildfire and Forest Resilience Task Force to expedite progress and mobilize an even broader set of stakeholders. By embedding collaboration and accountability into the state's wildfire strategy, California can move from fragmented risk management to an integrated, self-sustaining system that delivers measurable results for communities, and enables achievement of the state's long-term safety, economic, and climate goals.