CEA CALIFORNIA EARTHQUAKE AUTHORITY™

Wildfire Fund Administrator

Annual Report 2026

Report Period: July 1, 2025 – June 30, 2026
(Pursuant to Public Utilities Code section 3283)

WILDFIRE FUND ADMINISTRATOR'S ANNUAL REPORT TO THE CALIFORNIA CATASTROPHE RESPONSE COUNCIL AND THE CALIFORNIA LEGISLATURE

Date of Report: August 15, 2026

Pursuant to Public Utilities Code section 3283, as amended by SB 254 (2025, Senator Becker, Assemblymember Petrie-Norris), this Annual Report on Wildfire Fund Operations ("Annual Report") was prepared by the California Earthquake Authority, in its capacity as Administrator ("Administrator") of the California Wildfire Fund ("Fund") and is presented to the Legislature following approval by the California Catastrophe Response Council ("Council") on August 6, 2026.

Although this is the seventh Annual Report on Fund operations submitted to the Legislature since the formation of the Fund in 2019, this is the first report prepared after the repeal and replacement of Public Utilities Code section 3283 as a part of SB 254 in 2025. The amendment of Section 3283 (1) modified the required reporting topics for the Annual Report to include each of the topics covered in this Report; (2) changed the delivery date of the Annual Report to August 15 each year; and (3) repealed Public Utilities Code section 3287 to eliminate the requirement to prepare and file a second legislative report each January 1. As a result, this Annual Report is the sole statutory report on Fund operations.

Annual Reports will cover the July 1 to June 30 reporting periods. This Annual Report covers the one-year period of July 1, 2025, through June 30, 2026.

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Wildfire Fund Administrator

Executive Summary

Fund Origin, Administration & Oversight

On July 12, 2019, Governor Gavin Newsom signed AB 1054 and AB 111 (collectively, the "2019 Wildfire Legislation").[1] The 2019 Wildfire Legislation enacts a broad set of reforms and programs related to utility-caused wildfires in California, including establishing the Fund.

The purpose of the Fund is to provide a source of money to reimburse eligible claims arising from a covered wildfire caused by a utility company that participates in the Fund by assisting in capitalizing the Fund, and undertaking certain other obligations specified in the law.

Oversight of the administration of the Fund is the responsibility of the Council, created under AB 111. The Council has nine members, consisting of the Governor, the Insurance Commissioner, the Treasurer, and the Secretary for Natural Resources, each of whom may appoint designees to attend Council meetings in their place, as well as one member appointed by the Senate Committee on Rules, one member appointed by the Speaker of the Assembly, and three members of the public appointed by the Governor.

The 2019 Wildfire Fund Legislation designated CEA as the Interim Administrator of the Fund. In March of 2020, the Council appointed CEA as Administrator. CEA executes all duties and functions assigned to the Administrator by law, under the continuing oversight of the Council, and supports the Council in the execution of all responsibilities assigned to the Council by law.

Between the formation of the Fund in 2019 and year-end 2024, the Fund responded to claims arising from two covered wildfires attributed to Pacific Gas & Electric (PG&E), the Kincade Fire (2019) and the Dixie Fire (2021). Section III of this Annual Report includes an update on claims arising from these and other fires.

[1] Since its enactment, the 2019 Wildfire Legislation has been subsequently amended through legislation. Amendments impacting the Wildfire Fund and/or the California Catastrophe Response Council were contained in AB 1513 (Holden, Chapter 396, Statutes of 2019), in SB 350 (Hill, Chapter 27, Statutes of 2020), in AB 913 (Calderon, Chapter 253, Statutes of 2020), in AB 242 (Holden, Chapter 228, Statutes of 2021), in SB 599 (Hueso, Chapter 703, Statutes of 2022), and in SB 254 (Sen. Becker, Asm. Petrie-Norris, Chapter 119, Statutes of 2025).

Impacts of the January 2025 LA Wildfires

On January 7, 2025, during a severe Santa Ana weather event, more than a dozen wildfires ignited across Southern California, including the Eaton Fire in the Altadena area. The leading theory for the ignition of the Eaton Fire is that idle transmission lines owned by Southern California Edison (SCE) became energized and acted as the likely ignition source for the Eaton Fire. SCE later elected to settle pending litigation arising from the Eaton Fire and as a result the Eaton Fire is now a covered wildfire that will generate eligible claims from SCE for reimbursement by the Fund.

Although it is too early to estimate the total amount of eligible claims SCE will submit to the Fund, the severity of the Eaton Fire created the clear potential that the remaining claim-paying capacity of the Fund, as originally capitalized under the 2019 Wildfire Legislation and after first reserving for residual PG&E claims from the Kincade and Dixie Fires, will be fully utilized and allocated to SCE. During the 2025 legislative session, the Governor and Legislature collaborated on proposals to replenish the Fund and take other measures to address the consequences of the 2025 LA Wildfires.

On September 19, 2025, the Governor signed into law SB 254, which enacted a number of changes to the Fund that are relevant to this Annual Report. First, the Fund has been segregated into two separate claim-paying accounts within the Fund that cover IOU-linked wildfires for different time periods:

A AB 1054 Account:

The original claim-paying resources established in 2019 under AB 1054, the original claim-paying capacity of which was approximately $21 billion, is now allocated to pay eligible claims from covered wildfires ignited between July 12, 2019 and September 19, 2025.

B SB 254 Account:

SB 254 created a segregated claim-paying account, referred to in SB 254 as the "continuation account," with approximately $18 billion in nominal claim-paying capacity for eligible claims from covered wildfires ignited on or after the September 19, 2025 effective date of SB 254.

In addition, SB 254 repealed and reenacted Public Utilities Code section 3283 to revise the subjects to be addressed in this and subsequent Annual Reports. Section 3283, as reenacted, now provides for annual reporting on the five subjects described below. An executive summary of the content of this Annual Report is included for each of these five topic areas:

1 Wildfire Fund Assets

Reporting on Wildfire Fund Assets includes all assets in both the AB 1054 Account and the SB 254 Account. As detailed below in Section I, as of June 30, 2026, the AB 1054 Account has received $14.7 billion in capitalization. Should liquidity be required above the current assets in the AB 1054 Account to meet payment obligations for approved eligible claims resulting from covered wildfires, the Fund can issue revenue bonds through the Department of Water Resources (DWR), secured by future non-bypassable charges (NBCs) that flow into the AB 1054 Account. The SB 254 Account currently holds no assets but when activated will have statutory defined dual revenue streams – contributions divided equally between utility ratepayer NBCs collected from 2036 through 2045 and IOU shareholder contributions from 2029. Each of the three IOUs that elected to participate in Fund have notified the CPUC of their election to also participate in the capitalization of and coverage from the SB 254 Account.

2 Fund Durability

Evaluating and reporting to the Legislature on Fund durability has been a key function of the Administrator since the 2019 formation of the Funds. The purpose of monitoring and reporting on durability of the Fund is intended to ensure that the Legislature receives prompt notice if the Administrator's durability analysis shows that the Fund is within its last three years of viable operation. Following SB 254, generating projections for the durability of the AB 1054 Account and the SB 254 Account have become more complicated due to the uncertain ultimate eligible claim amount associated with the January 2025 LA Wildfires and its impact on the AB 1054 Account, along with the contingent nature of the SB 254 Account. This Annual Report states that the Fund is not within its final three years of viability, primarily due to the creation of the SB 254 Account for future IOU-linked wildfires. Section II describes that conclusion in greater detail.

3 Claims

Information on claims received and paid are provided in Section III. As of June 30, 2026, payments on eligible claims total $1.13 billion associated with claim payments to PG&E on account of the Dixie and Kincade Fires. No claims from SCE arising from the Eaton Fire had been submitted for payment during the reporting period for this Annual Report but are expected very soon.

4 Administration & Oversight

Information on the actions of the Administrator and the oversight activities of the Council are provided in Section IV. The Council's and Administrator's activities during the reporting period were centered on responding to the January 2025 LA Fires and activities assigned to the Administrator by the Legislature in SB 254.

5 Wind-up

As noted above, the severity of the Eaton Fire created the clear potential that the remaining claim-paying capacity of the AB 1054 Account will be exhausted. The ongoing activity to generate a pro-forma wind-up plan, which was started and structured prior to SB 254 and thus was centered solely on the wind-up of the AB 1054 Account, is now being revised to incorporate wind-up scenarios that include the availability of the SB 254 Account. Because the Fund is not projected or modeled to be exhausted in the next three years, the Administrator's work on a wind-up plan will continue. Section V provides full details regarding the potential future wind-up plan for the Fund.

Complete details on these five required topics are set forth in the following Annual Report.

Wildfire Fund Assets

Overview

Public Utilities Code section 3280 defines "Wildfire Fund assets" as "the sum of all moneys and invested assets held in the fund which shall include, without limitation, any loans or other investments made by the state to the fund, all interest or other income from the investment of money held in the fund, any other funds specifically designated for the fund by applicable law, and the proceeds of any special charge (or continuation of existing charge) allocated to and deposited into the fund, reinsurance, and the proceeds of any bonds issue for the benefit of the fund."

The 2019 Wildfire Legislation created a capitalization structure that establishes multiple revenue streams flowing into the Fund to provide approximately $21 billion in initial claim-paying capacity to cover eligible claims arising from covered wildfires. The capitalization of the Fund's $21 billion in claim-paying capacity now held in the AB 1054 Account is split between contributions from the Fund's participating utility companies – San Diego Gas & Electric Company ("SDG&E"), SCE, and PG&E" (collectively, the "IOUs") – and surcharges on the IOUs' non-exempt ratepayers, which surcharges are also referred to as Wildfire Non-bypassable Charges ("NBCs"). The contributions from the IOUs are not passed through to their ratepayers, so are effectively funded by the stockholders of those publicly traded IOUs.

The 2019 Wildfire Legislation also required that the Fund be initially capitalized in the form of a short-term $2 billion loan from the State of California's Surplus Money Investment Fund ("SMIF"), a fund within the State's Pooled Money Investment Account. The SMIF Loan was fully paid off on April 25, 2023.

Contributions to the Fund (AB 1054 Account)

As of June 30, 2026, SDG&E, SCE, and PG&E have all provided their initial, 2019, 2020, 2021, 2022, 2023, 2024, and 2025 annual financial contributions. The IOU contributions total $9.6 billion. In addition, California Public Utilities Commission ("CPUC") Decision 19-10-056 operationalized the collection of the NBCs. The AB 1054 Account began receiving NBC funds in January 2021. The IOU contributions combined with the NBC funds received as of June 30, 2026, total $14,740,256,295. Should the AB 1054 Account need additional liquidity to meet needs arising from eligible claims resulting from covered wildfires, the Fund can request DWR to issue debt backed by the NBCs.

As Administrator, CEA is the custodian of the Fund's cash and investments. This requires the CEA to report those held assets as a segregated custodial fund in CEA's financial statements. Detailed information relevant to the Fund can be found in CEA's 2025 audited financial statements, available on this webpage:

https://www.earthquakeauthority.com/About-CEA/Financials/Financial-Statements.

Following are excerpts of that financial information, which covers calendar year 2025, along with supplemental unaudited information related to the contributions to the AB 1054 Account received through June 30, 2026 (on following page).

Fiduciary Fund
Statement of Fiduciary Net Position
Fiduciary Fund of California

	Custodial Fund	
Assets	**2025**	**2024**
Cash and investments:		
Cash and cash equivalents	$ 7,506,750,081	$ 478,679,326
Bonds	6,554,197,012	12,379,364,117
Total assets	**$ 14,060,947,093**	**$ 12,379,364,443**
Liabilities - Securities payable	**10,474,379**	**74,793,715**
Net Position - Restricted	**$ 14,050,472,714**	**$ 12,783,249,728**

As noted above, the 2019 Wildfire Legislation created a capitalization structure for the AB 1054 Account that ultimately will result in an initial total claim-paying capacity of approximately $21 billion. The approximately $21 billion in claim-paying capacity is generated from two revenue streams: Surcharges on ratepayers of IOUs, and IOU Contributions from the equity base of the IOUs.

The 2019 Wildfire Legislation authorizes the IOUs to remit NBCs collected from their non-exempt ratepayers to the Department of Water Resources ("DWR") to support the Fund. The 2019 Wildfire Legislation also authorized DWR to issue revenue bonds ("Wildfire Revenue Bonds") after the legacy Power Supply Revenue Bonds have been paid or defeased in full to support the Fund. The NBCs are imposed by the CPUC on approximately 11.5 million customers in the service areas of the participating IOUs.

The CPUC Decision 19-10-056 adopted the Rate Agreement between DWR and the CPUC, established an "irrevocable financing order" under the CPUC Code, and calculated the annual revenue requirement of $902.4 million to be collected through NBCs that shall remain in effect until January 1, 2036. NBCs will be pledged to secure Wildfire Revenue Bonds if issued; NBCs in excess of those required to pay the Wildfire Revenue Bonds, replenish any bond-related reserves, and pay DWR administrative and operating expenses will be deposited in the AB 1054 Account. Once deposited, NBCs are no longer available to pay debt service on the Wildfire Revenue Bonds. The NBCs build upon the long and successful history of the collection of similar bond charges under the DWR Power Supply Revenue Bond Program through several economic cycles and two PG&E bankruptcies dating back to 2002.

Administrator staff continues to work with DWR and the State Treasurer's Office to evaluate the need for a bond issuance by DWR as a conduit, backed by a pledge of the NBCs as described above. There were no bonds issued or outstanding during the report period.

As the table on the following page shows, as of June 30, 2026, the AB 1054 Account has received $14,740,256,295 in capitalization. This capitalization figure includes the $2 billion SMIF loan that was received by the Fund in August 2019, offset by the full repayment of the SMIF loan which was completed in April 2023. Should liquidity be required above the current assets in the AB 1054 Account to meet payment obligations for approved eligible claims resulting from covered wildfires, the Administrator will cause DWR to issue revenue bonds secured by future NBC revenues to be collected for the benefit of the AB 1054 Account.

California Wildfire Fund Contributions & NBCs Received as of June 30, 2026

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. SDG&E initial capital contribution	7/1/2020	4,815,000,000
6. SDG&E initial capital 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
12. IOUs 2025 annual contributions	December - 25	300,000,000
	Total IOU Contributions	**9,600,000,000**
1. SMIF Loan Proceeds	8/15/2019	2,000,000,000
2. SMIF Load 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
7. 2025 NBC funds received	12-months of 2025	924,841,023
8. 2026 NBC funds received	First 6-months of 2026	445,980,803
	Total SMIF Loan Activity & NBCs Received	**5,140,256,295**
	Total Funds Received & Reimbursed	**14,740,256,295**

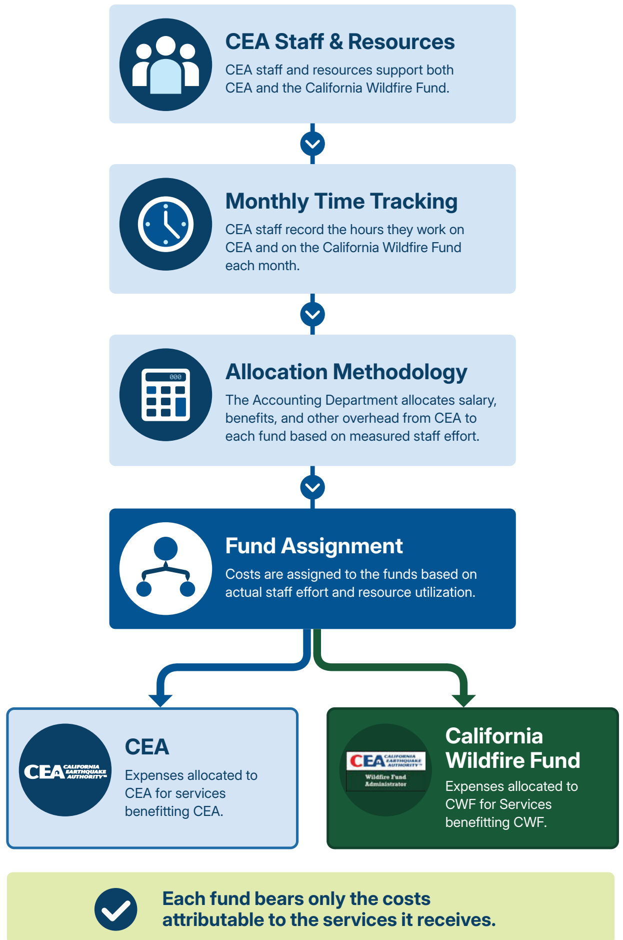
Note 1: NBC funds received by CWF are net of DWR administrative and operating expenses.

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 occurring in April 2023. Additionally, the loan carried an interest rate of 2.35% which was paid on outstanding balances.

Administration Expenses

The 2019 Wildfire Legislation also requires that all costs and expenses related to the administration and operation of the Fund be paid from the assets of the Fund (now including any expenses of either or both the AB 1054 Account and the SB 254 Account). CEA is obligated to administer two separate and segregated funds – the Earthquake Authority Fund and the Wildfire Fund – and is using its operating assets and employees for the benefit of both funds.[2] CEA continues to use a cost-allocation methodology to ensure that each of those funds bears its own administration expenses. This cost allocation methodology is reviewed periodically for accuracy by CEA staff and is within the scope of CEA's annual independent audit. The independent auditor did not raise any issues or concerns about the effectiveness of this cost-allocation methodology during the period covered by this report. In addition, Administrator staff periodically presents the cost-allocation methodology to the Council, including, but not limited to, as part of the Administrator's annual budget process, and the Council has reviewed and not raised any issues or concerns about the cost-allocation methodology.

Cost Allocation Methodology



[2] Expenses incurred for administration of the Fund, whether related to the AB 1054 Account or the SB 254 Account, are payable from assets available in either of the segregated accounts within the Fund.

Projections for the Durability of the Fund

Given that the Fund consists of two separate, but related, claim-paying accounts with differing exposures, durability of the entire Fund requires examination of and reporting on both the durability of the AB 1054 Account and the SB 254 Account.

	Coverage Period	Claim-Paying Capacity	Covered Wildfires
1 AB 1054 Account	IOU-linked wildfires ignited between July 12, 2019 and September 19, 2025	~ $21 Billion	PGE's Dixie Fire PGE's Kincade Fire SCE's Eaton Fire
2 SB 254 Account	IOU-linked wildfires ignited after September 19, 2025	~ $18 Billion	None

July 12, 2019 — AB 1054 ACCOUNT — Sept. 19, 2025

Sept. 19, 2025 — SB 254 ACCOUNT

A Projections for the Durability of the AB 1054 Account

As noted above, following the enactment of SB 254 in 2025, the Fund now consists of two segregated claim-paying accounts – the AB 1054 Account available for eligible claims from covered wildfires ignited between July 12, 2019 and September 19, 2025, and the SB 254 Account available for eligible claims from covered wildfires ignited on and after September 19, 2025. Because the AB 1054 Account is now closed for future covered wildfires and is not available to pay claims from future IOU-linked wildfires, stand-alone modeling of the impact of future wildfires on the AB 1054 Account is unnecessary.

The Administrator cannot yet determine whether the AB 1054 Account will be fully exhausted by the eligible claims for covered wildfires payable from that account (i.e., the Kincade, Dixie, and Eaton Fires). Thus, projecting the durability of the Fund as a whole, inclusive of both the AB 1054 Account and the SB 254 Account, requires focus on several interrelated factors:

1. **Claims & Timing:** The dollar amount of eligible claims from the covered wildfires payable from the AB 1054 Account, and the duration of time it will take to settle and reimburse those eligible claims; and
2. **Imprudency Reimbursements:** Any reimbursements following a determination by the CPUC that costs associated with covered wildfires were not just and reasonable due to a CPUC finding of imprudence by the IOU that ignited the covered wildfire (i.e., adverse prudency determinations).

Any residual funds that remain in the AB 1054 Account following the payment of all eligible claims and the receipt of any IOU reimbursement following an adverse prudency determination will spill over into and become claim-paying capacity within the SB 254 Account. Accordingly, this section of the Annual Report on the Fund's projected durability focuses on the SB 254 Account based on its approximately $18 billion in statutory capital sources and the potential for spill-over funds from the AB 1054 Account.

For information purposes, this Annual Report also notes several of the IOUs' independent assessments of the durability of the Fund as reported in SEC filings.

Claims & Timing: AB 1054 Account Eligible Claims and Covered Wildfires

Three covered wildfires occurred prior to the effective date of SB 254, which cut off coverage from the AB 1054 Account for future IOU-linked wildfires – the Kincade, Dixie, and Eaton Fires. In addition, the cause of the September 2022 Mosquito Fire in PG&E's territory remains under investigation. Based on currently available information, the total damage exposure from the Mosquito Fire may be well below PG&E's $1 billion per year retention. But if the ignition of this fire is determined to be PG&E, and resulting claims exceed $1 billion, then claims in excess of that amount may become eligible claims payable from the AB 1054 Account.

i October 2019 Kincade Fire (PG&E)

The Kincade Fire ignited on October 23, 2019 in Sonoma County. Cal Fire investigated and issued a report in July 2020 concluding that the ignition resulted from a broken jumper conductor associated with PG&E equipment. PG&E reached the $1 billion threshold claim amount in February 2025, after which claim settlements have been submitted for reimbursement from the AB 1054 Account. As of March 31, 2026, PG&E recorded $130 million of recoveries from the AB 1054 Account. As of June 30, 2026, $127,619,513 has been paid from the AB 1054 Account for covered claims and a reserve balance of $2,380,487 remains.

As of April 15, 2026 PG&E has settled or reached settlements in principle with substantially all known claimants. [3] Final settlements for Kincade should conclude in 2026 or more than seven years after the fire occurred; about 6.5 years after the fire was determined to be a covered wildfire and close to two years after the $1 billion threshold was reached.

ii July 2021 Dixie Fire (PG&E)

The Dixie Fire ignited in a remote area of Plumas County on July 13, 2021. Cal Fire investigated the fire and determined it was caused by a tree contacting an electrical line owned and operated by PG&E. These findings were announced on January 4, 2022 and PG&E reached the $1 billion threshold amount in mid-June 2024. As of March 31, 2026, PG&E recorded $1.15 billion of recoveries from the CWF. As of June 30, 2026, $1,006,283,974 has been paid from the AB 1054 Account for covered claims and a reserve balance of $143,716,026 remains.

Final settlements for Dixie may conclude in 2026 or roughly 5.5 years after the fire occurred, 5 years after the fire was determined to be a covered wildfire, and about 2.5 years after the $1 billion threshold claim amount was paid directly by PG&E.

iii January 2025 Eaton Fire

The Eaton Fire ignited in Eaton Canyon on January 7, 2025. As of June 30, 2026 the cause of the fire is under investigation. However, on September 12, 2025, SCE reported to the Administrator that they settled a claim that alleged damage arising out of the Eaton Fire which resulted in a court-approved dismissal. Therefore, the Eaton Fire qualifies as a Covered Wildfire.[4]

[3] See **PGE-03.31.26-10Q**, page 61.

[4] PUC Section 1701.8(a)(1)(B) states that a covered wildfire includes one in which it has been "asserted to have been caused by an electrical corporation and results in a court-approved dismissal resulting from the settlement of third-party damage claims."

January 2025 Eaton Fire (cont'd)

As of March 31, 2026, SCE reported losses of $1.3 billion noting that "in light of pending litigation, it is probable that Edison International and SCE will incur additional material losses in connection with the Eaton Fire. Given, among other things, the complexities associated with estimating damages, the large number and varying types of claims and the interrelationship among the claims, uncertainties related to the sufficiency of insurance held by plaintiffs and potential plaintiffs, and uncertainties related to litigation processes and the Wildfire Recovery Compensation Program, Edison International and SCE are currently unable to reasonably estimate a range of losses that may be incurred in connection with the Eaton Fire." [3]

Given the size of the Eaton Fire and the very large number of claimants, it is expected to take many years before the final amount of damages from the Eaton Fire is known. Multiple loss estimates have been provided; many combine the Palisades and Eaton fires as noted below. Some estimates cover insured losses only; others consider total economic loss estimates; all note the uncertainty in the estimates. For example:

1. The California Department of Insurance (CDI) has been regularly tracking and reporting on the number of claims filed, the number of claims with payments, and the total amount of insured payments. As of March 31, 2026, the CDI reports approximately $8 billion in insurance payments and close to 28,000 reported claims for **the Eaton Fire**. (See **Auto-Residential-and-Commercial-Property-Claims-Information-as-of-March-3rd-Palisades-and-Eaton-Fires.pdf**.) Note these values are not estimates.
2. Cotality estimated insured losses in the range of $35 to $45 billion for both fires in January 2025. (See **Estimates the Eaton and Palisades Fires are Causing**)
3. Los Angeles County Economic Development Corporation (LACEDC) published a report in February 2025 which estimated property losses between $28 – $53.8 billion. (See **IMPACT OF 2025 LOS ANGELES WILDFIRES AND COMPARATIVE STUDY | Los Angeles County Economic Development Corporation)**.
4. Milliman published a detailed report in February 2025 establishing an insurance industry estimate for the Los Angeles fires at $25.2 - $39.4 billion. (See **Industry insured losses for Los Angeles wildfires**). A co-author of the report Sheri Scott, Principal & Consulting Actuary presented estimates at the July 24, 2025 CCRC meeting during which she established a range of insured loss and loss adjustment expense estimates for the Eaton Fire of $13.7 - $22.8 billion. (See **Presentation Slide Deck - July 24, 2025**).
5. Moody's event response initial estimates for the Palisades and Eaton fires ranged from $20 - $30 billion. Dr. Patxi Uriz, Director and US and wildfire model development lead also presented at the July 24, 2025 CCRC meeting where he provided an insured loss estimate range for the Eaton fire of $7 - $12 billion. (See **Presentation Slide Deck - July 24, 2025**).
6. The UCLA Anderson School of Management estimated total property and capital losses could range from $76 - $131 billion, with insured losses for both fires estimated at up to $45 billion.
7. On January 22, 2025 Verisk estimated that insured losses from the Eaton fire will range from $8 - $10 billion. (See **Verisk Estimates Industry Insured Losses for the Palisades and Eaton Fires | Verisk**). Property Claims Services (PCS), which is part of Verisk, compiles industry losses. PCS estimates are proprietary to its members but do often end up in the public domain despite the restrictions on their use. It has been reported that PCS estimates Eaton insured losses at $15.2 billion (See **Everything You Need to Know about PCS**).

As of March 31, 2026, SCE has recorded a receivable of $295 million from the wildfire fund. As of June 30, 2026, the AB 1054 Account has yet to pay covered claims and holds a reserve balance of $295 million. Again, the final amount of eligible claims from the Eaton Fire, based on the aggregate loss estimates above, may well exceed the total claim-paying capacity of the AB 1054 Account, leaving no residual funds to spill over into the SB 254 Account. At this time, the Administrator lacks sufficient information to make that determination but future Annual Reports will provide regular updates on paid losses, and the resulting impacts on overall Fund durability.

iv September 2022 Mosquito Fire

The Mosquito Fire ignited on September 6, 2022, in Placer County. The cause of the fire remains under investigation by the US Forest Service. As of March 31, 2026, PG&E has recorded an aggregate liability of $400 million noting that the estimate does not include amounts for suppression costs or damage to federal lands. The Mosquito Fire is not a covered wildfire. It is reported here as a potential covered fire if (a) the investigation determines that PG&E equipment caused the fire and (b) PG&E claim settlements ultimately exceed PG&E's $1 billion retention (i.e., threshold amount), in which case claims in excess of the threshold amount would become eligible claims payable from the AB 1054 Account.

Prudency Determinations

Adverse prudency determinations by the CPUC following IOUs' filing of catastrophic wildfire cost recovery applications result in a reimbursement obligation to the Fund (more specifically, to the Account from which the IOU received payment). Any adverse prudency determination following payments from the AB 1054 Account flow back into that account, and if this results in a surplus in the account, that surplus rolls into the SB 254 Account and is available to extend the durability of that account and thus the durability of the Fund.

On November 14, 2025, PG&E filed the "Application for Review and Recovery of Costs Associated With the 2019 Kincade Fire and 2021 Dixie Fire Under AB1054" with the CPUC. The proceeding is to determine whether PG&E's costs for the covered wildfires are just and reasonable (i.e., PG&E was prudent and therefore the costs may be borne by ratepayers). CPUC's proposed decision is scheduled to be issued on November 13, 2026. That deadline could be extended by six months.

The potential range of reimbursements to the AB 1054 Account ranges from $0, if it is determined that PG&E acted prudently, to the full amount of reimbursed claims if PG&E is determined to have acted completely imprudently on both fires. Because the proceeding has not been completed, there is no specific estimate of a reimbursement amount, simply a range. Reimbursement to the AB 1054 Account, if any, can be used to pay eligible claims for the Eaton Fire if needed.

It can be expected that SCE will eventually make a similar application for recovery of costs associated with the Eaton Fire. However, if SCE eventually incurs a reimbursement obligation following an adverse prudency determination related to the Eaton Fire, the reimbursement would be surplus in the AB 1054 Account that would spill over into the SB 254 Account to add to its claim-paying capacity and thereby extend the durability of the Fund.

IOU Measures of Durability

The Fund does not have a specified statutory duration and will continue until the assets of the two Accounts within the Fund are exhausted and the Fund is terminated. Any residue in the Fund at termination will by law flow into California's General Fund, with the legislative intent that the money be used for wildfire mitigation programs. Because the duration of the Fund is not specified, each of the IOUs has estimated and reports their own assessment of Fund durability in terms of years of coverage. This is necessary to amortize the Fund asset over the IOUs' view of the useful life of the Fund. This information is shared in this Annual Report for awareness, not to indicate that the Administrator shares the same view on the anticipated duration of the Fund.

1. SCE notes that the amortization period will be evaluated and adjusted prospectively but that it currently does not have new or additional information that would enable it to change its prior assessment that the Wildfire Fund would provide coverage for an estimated 20 years. (See **MediaReport - eix-20260331** page 30). PG&E and SDG&E likewise expect to re-evaluate their estimates of fund durability. However, as of March 31, 2026 they continue to use an estimated 20-year life and 25-year life, respectively. (See **PGE-03.31.26-10Q**, page 11; **Sempra Annual Report 2025**, page F-39).

B Projections for the Durability of the SB 254 Account

As noted above, SB 254 created the "continuation account" within the Fund with up to $18 billion of additional claim-paying capacity for IOU-caused wildfires occurring on or after September 19, 2025 (the SB 254 Account). The $18 billion available to the SB 254 Account is a combination of $9.0 billion from ratepayer NBCs, if approved by the CPUC to extend the nonbypassable charges from 2036 through 2045, plus $5.1 billion from annual $300 million contributions from the IOUs for the period from 2029 to 2045, plus an additional $3.9 billion contingent contribution if the Administrator determines the SB 254 Account is likely to be exhausted. The SB 254 Account is to reimburse catastrophic wildfire claims incurred by participating IOUs if 1) absent additional annual contributions the administrator would provide a plan for winding up the fund or 2) the administrator receives notice that an IOU has reasonable belief that it likely will have eligible claims from a fire igniting on or after September 19, 2025. The determination to activate the capitalization of the SB 254 Account is made at the sole discretion of the Administrator under the oversight of the Council, and must be made no later than December 31, 2028 otherwise the SB 254 Account sunsets by law.

SB 254 indicated that the SB 254 Account is an interim framework to provide the Wildfire Fund with access to additional assets, if needed, while longer-term solutions are developed. (See SB 254 (2025) Section 1 (r)). Because the SB 254 Account has not been activated as of the end of the period covered in this Annual Report, determining overall Fund durability for this Annual Report is not possible. We note, however, that SB 254 also required the Administrator to prepare and complete a Study Report on a broad array of interrelated and often competing topics related to catastrophe resiliency (the study scope is codified in Public Utilities Code section 917.). The SB 254 Study, entitled **Enhancing California's Resiliency to Natural Catastrophes**, was completed and delivered to the Governor and Legislature in April. For purposes of understanding the potential durability of the SB 254 Account, note that the Report includes a modeled estimate that capitalizing the Fund to a level projected to last for 20 years with 75% probability would require $36 billion, nearly double the size of the capital commitments made to the SB 254 Account. (See **SB 254 Report**, at p. 80).

Claims Information

The Fund will reimburse IOUs for "eligible claims," as defined by the 2019 Wildfire Legislation. Eligible claims are those claims that are a result of a "covered wildfire," as that term is defined in the 2019 Wildfire Legislation, and are in excess of the IOUs annual threshold retention, which is currently set at $1 billion. This Annual Report sets forth information on eligible claims payable from the AB 1054 Account, given that there were not large wildfires that could be IOU-linked wildfires since the September 19, 2025 effective date of SB 254. This Annual Report covers two fires attributed to PG&E (Dixie and Kincade Fires) and one fire attributed to SCE (Eaton Fire).

2019 Kincade Fire

Since it has been determined that PG&E's equipment caused the 2019 Kincade Fire, this fire is a "covered wildfire." 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's Form 10-Q for the quarterly period ending March 31, 2026 reports aggregate payments made for the Kincade Fire in the amount of $1.318 billion. PG&E has reported accrued losses for the Kincade Fire of $1.325 billion. As of the date of this report, the Administrator has reimbursed PG&E for eligible claims in the amount of $127,619,513 after determining those claims have been settled using reasonable business judgment.

For both the 2021 Dixie Fire and the 2019 Kincade Fire, PG&E Corporation and the Utility state that "[t]hese liability amounts correspond to the lower end of the range of reasonably estimable probable losses…but do not include all categories of potential damages and losses."[5] For example, fire suppression costs are not included in the estimates. PG&E reported that the Cal Fire Investigation Report estimates over $650 million of costs suppressing the 2021 Dixie Fire.

2021 Dixie Fire

Since it has been determined that PG&E's equipment caused the 2021 Dixie Fire, this fire is a "covered wildfire." During the report period, Sedgwick completed its review of the threshold claims in accordance with the Procedures and determined that those claims were settled using reasonable business judgment, a standard set by the 2019 Wildfire Legislation. Additionally, Sedgwick has reviewed and continues to review claims documentation for claims in amounts in excess of the $1 billion threshold amount (eligible claims), and, as of, June 30, 2026 the Administrator has reimbursed PG&E for eligible claims in the amount of $1,006,283,974 after determining those claims have been settled using reasonable business judgment. PG&E's Form 10-Q for the quarterly period ending March 31, 2026 notes that it has recorded an aggregate liability of $2.15 billion in connection with the 2021 Dixie Fire.

[5] **PG&E - March 31, 2025 Form** 10-Q, see page 13; also see pages 64 – 70 for a discussion of the 2019 Kincade, 2021 Dixie and 2022 Mosquito Fires.

2025 Eaton Fire

The Eaton Fire ignited in the Eaton Canyon area of Altadena, CA on January 7, 2025. The fire burned 14,000 acres and destroyed 9,400 structures. While the investigation into the cause is ongoing, the leading theory is that the ignition was the result of the electrical arcing of SCE owned transmission lines during a major windstorm. On September 12, 2025, SCE reported to the Administrator that they settled a claim that alleged damage arising out of the Eaton Fire, which resulted in a court-approved dismissal, and SCE believes because of this action the Eaton Fire is now a Covered Wildfire. As the litigation resulted in a court-approved dismissal, the Administrator agrees with SCE that the Eaton Fire qualifies as a Covered Wildfire. The Procedures define a covered wildfire as follows:

> **Covered Wildfire –** As described in section 1701.8(a)(1) of the Public Utilities Code, as amended from time to time, a wildfire that ignited on or after July 12, 2019, and for which either of the following is satisfied: (A) The governmental agency responsible for determining causation or a court of competent jurisdiction determines the wildfire was caused by a Participating Utility. (B) Asserted to have been caused by a Participating Utility and results in a court-approved dismissal resulting from the settlement of third-party damage claims. This includes a wildfire that is triggered by electrical equipment reenergizing after a Public Safety Power Shutoff. It also includes a landslide, mudslide, mudflow, or debris flow that is the result of a Covered Wildfire.

SCE has provided the Administrator with written notice that it estimates it will pay more than $750 million in the aggregate for the Eaton Fire. This notice is a requirement for the Claim Administration Procedures. While the Administrator has received this notice, SCE has not yet stated what their estimate is of the aggregate liability for the Eaton Fire. According to SCE's Form 10-Q for the quarter ending March 31, 2025, SCE is aware of approximately 2,000 lawsuits related to the Eaton Fire, representing 30,000 individual plaintiffs, subrogation plaintiffs, and public entity plaintiffs. A bellwether jury trial for the Eaton Fire litigation has been set for January 2027.

SCE has informed the Administrator that it has settled subrogation claims with two insurers for an average of 55 cents on the dollar. SCE has also launched a voluntary community recovery compensation program through which Eaton wildfire claimants are able to file claims directly with the utility and receive an early settlement offer. The program is called the Wildfire Recovery Compensation Program (WRCP) and launched October 29, 2025. The program is open to a variety of claimant types and allows for filing claims online. SCE reviews the submissions and extends settlement offers on fully substantiated claims within 90 days. Through June of 2026 over 11,000 survivors have submitted claims, more than 1,828 claimants have been paid totaling $272 million, and over 70% of settlement offers have been accepted. The program is open until November 30, 2026. The Administrator is working with SCE to establish the process of claims selection and data collection needed for the review for reasonable business judgment during the Administrator's threshold claim review period.

Administrative Actions taken by the Administrator, under the Oversight of the Council

This Section IV:

1. provides an overview of the administrative actions taken by the Administrator, under the oversight of the Council, during this report period; and

2. provides a summary of the Council's public meetings during this report period.

Wildfire Monitoring

The Administrator continues to monitor active wildfires and IOUs' reporting about the potential involvement of their equipment in causing wildfires, and report on these occurrences using pre-approved templates to notify council members. As of May 27, 2026, the Administrator is monitoring three wildfires:

Wildfire Ignition Date	Covered Wildfire Determination Date	IOU Claims Settlement Dates/Loss Estimates[6]
Kincade Fire 10/13/2019	7/16/2020	PG&E estimates losses in excess of $1.325 billion as of 03/31/2026, and recorded an aggregate Fund receivable of 40% of $325 million ($130 million payment)
Dixie Fire 7/13/2021	1/04/2022	PG&E estimates losses in excess of $2.150 billion and recorded an aggregate Fund receivable of $1.150 billion for probable recoveries as of 03/31/2026
Eaton Fire 1/7/2025	Investigation ongoing 9/12/2025	Fire originated in SCE servicing territory The Eaton Fire is a covered wildfire, loss estimate is still to be determined

[6] PG&E loss estimates are from PG&E's Q1 2025 10-Q Quarterly Report to the U.S. Securities and Exchange Commission, available at **PG&E - March 31, 2025 Form 10-Q**.

Response to the January 2025 Southern California Wildfires

The Administrator undertook three key actions in anticipation of the Eaton Fire becoming a covered wildfire. After the Eaton Fire became a covered wildfire, the Administrator took a fourth action to support SCE's liquidity and lower ratepayer costs as described below. Finally, the passage of SB254 required the Administrator to author a Resiliency Report by April 2026.

1 **Increased liquidity of claim-paying resources through realizing net investment gains on strategic trades.** Between February 28, 2025, and March 11, 2025, the Administrator initiated investment sales to create liquidity. Following internal discussions and meetings with the Administrator's financial advisor and asset managers, it was determined that continued volatility in the financial markets provided increased uncertainty regarding the unrealized gain/(loss) position of the Fund portfolio. Therefore, the Fund sold approximately $4 billion in assets to create additional liquidity. The investment team focused on securities that had durations over two years with an unrealized gain and selected other securities with modest unrealized loss positions that in total did not exceed the gains. Market volatility that occurred during this period benefited the Administrator in realizing a net gain of approximately $15 million.

2 **Adopting claims administration measures to accelerate survivor recovery and protect Fund durability.** The Administrator is exploring opportunities to incentivize early settlements after covered wildfires to accelerate survivor recovery and promote efficient claim resolution to protect the durability of the Fund. These concepts could, for example, recommend uniform criteria and guiding principles for IOUs when developing a rapid resolution program, like PG&E's Direct Payments for Community Recovery Program (Dixie Fire) or SCE's Wildfire Recovery Compensation Program (Eaton Fire).

3 **Participating in the evaluation of alternatives for extending the durability of the Fund in the face of potential large losses.** The magnitude of the January 2025 Southern California Wildfires has drawn attention to the Fund and the aggregate amount of the Fund's claim-paying capacity. During the review period, the Administrator re-engaged the consulting team of subject matter experts who assisted in the development of the 2019 Wildfire Legislation to aid in policy discussions with the Governor's Office, the Legislature, and Stakeholders on opportunities to maximize the claim-paying capacity of the Fund for the benefit of California. This work was reflected in SB 254 chaptered on September 19, 2025 during the 2025-2026 legislative session.

4 **Negotiated and signed a Liquidity Support Program agreement with SCE to provide additional forms of liquidity to support SCE and survivors of the Eaton fire.** The goal of the program is to benefit ratepayers and support SCE's financial stability. Staff believes establishing a Liquidity Support Program could encourage SCE to enter into early and reasonable Eaton fire settlements without creating liquidity concerns for SCE or requiring them to borrow funds at a higher cost than CWF can provide (the higher cost borne by SCE ratepayers).

5 **Collaborate with multiple state agencies and departments to prepare a comprehensive report outlining recommendations and options in response to the economic and insurance consequences of climate crisis.** The Administrator engaged a team of experts to develop a comprehensive assessment analyzing and developing long-term reforms that protect access to insurance, reduce litigation costs, provide fair and expeditious compensation to claimants, support wildfire mitigation, safety, and community resilience, and ensure large electrical corporations are accountable for safety and also have the financial health to attract low-cost capital on behalf of ratepayers. **The SB 254 Natural Catastrophe Resiliency Report was delivered to the Legislature on April 7, 2026.**[7]

[7] SB 254 Natural Catastrophe Resilience Study | CA Wildfire Fund

Overview of the Council's Public Meetings

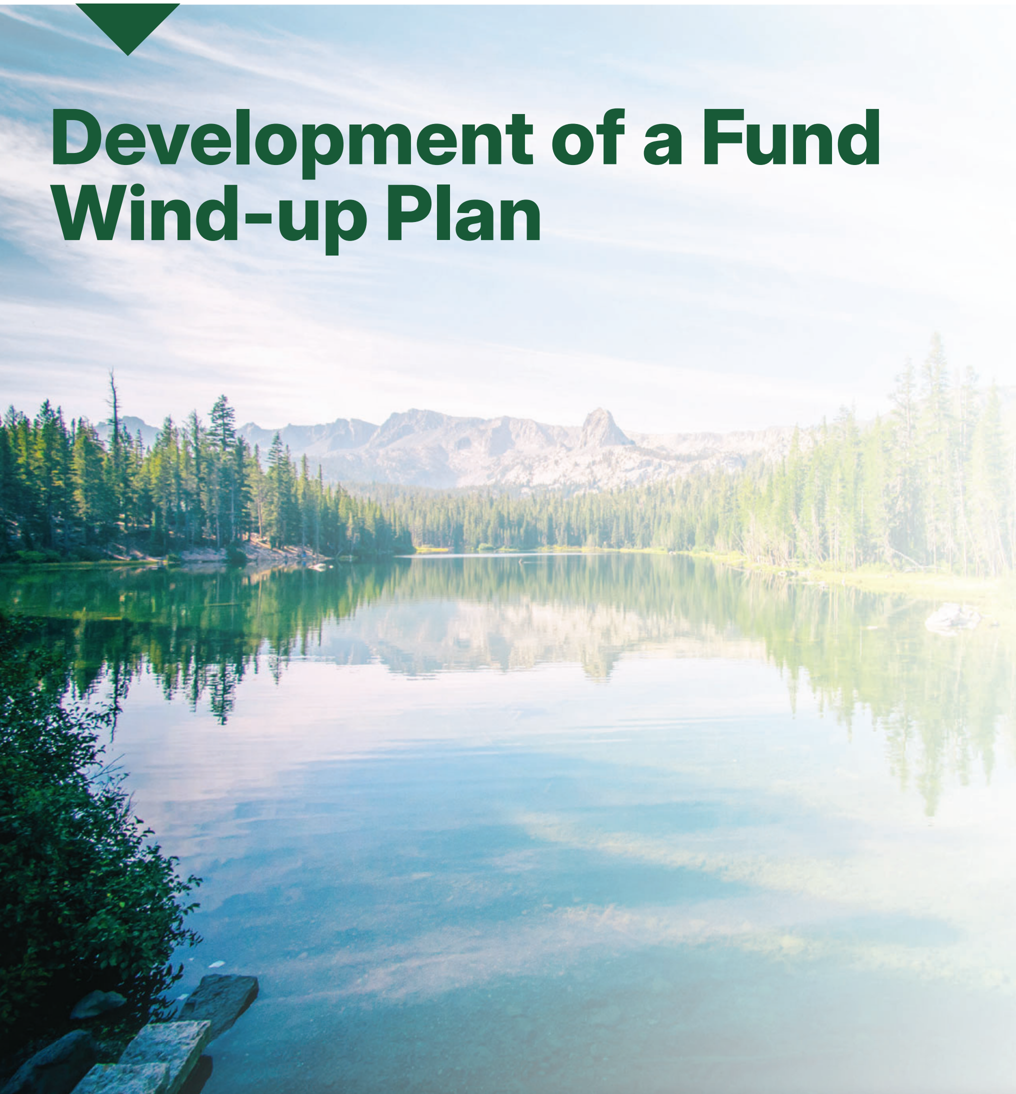
The Council met four times during the report period: July 24, 2025; October 30, 2025; February 5, 2026, and May 7, 2026.

During its July 24, 2025, meeting, the Council, among other matters, delivered the evaluation of CEA as the Administrator for 2024, and discussed and adopted the Sixth Annual Report and authorized the Administrator to deliver the Report to the Senate Committee on Energy, Utilities, and Communications and Assembly Committee on Utilities and Energy. Administrator staff presented on various topics, including a discussion of AB 1054's subrogation claim settlement provisions, the Fund's financial report, a claims administration update, a report on CEA's operations and leadership, an update on the Fund Enterprise Risk Management Program, and a discussion on conceptual amendments to the Claims Procedures to establish Administrator's view on reasonable business judgment for Direct Payments for Community Recovery Programs. Representatives from Moody's and Milliman provided perspectives on estimated losses from January 2025 Eaton Fire.

During its October 30, 2025, meeting, the Council, among other matters, approved augmentations to the Fund 2025 budget related to the SB 254 Natural Catastrophe Resiliency Study and approved proposed amendments to the Wildfire Claims Administration Procedures. Administrator staff facilitated a discussion with the Council on the SB 254 Natural Catastrophe Resiliency Study, including a detailed overview of the legislative directive to evaluate and recommend models or approaches that could complement or replace the Wildfire Fund. Administrator staff also presented on various topics, including an update on the January 7, 2025, Eaton Fire, the Fund's financial report, claims administration update, and an update on the Fund Enterprise Risk Management Program. Representatives from SCE presented on its Wildfire Recovery Compensation Program in response to the Eaton Fire and representatives from Sedgewick led a discussion on claims administration functions.

During its meeting on February 5, 2026, the Council, among other matters, approved the proposed 2026 Fund budget and directed staff to operate Fund business operations within the total approved budget amounts. Administrator staff presented on various topics, including the plan for preparing the evaluation of CEA as the Administrator for 2025, an update on the SB 254 Study, the Fund's financial report, an update on claims administration, and the Fund Enterprise Risk Management Program.

During its May 7, 2026, meeting, the Council, among other matters, approved augmentations to the Fund 2025 budget to support Fund durability initiatives. Administrator staff facilitated a discussion with the Council on the Eaton Fire, Administrator enhancements and updates, and a state legislative report. Administrator staff also made presentations on a variety of topics, including the Fund's financial report, an update on claims administration, and the Fund Enterprise Risk Management Program.



Development of a Fund Wind-up Plan

The Administrator has not included a plan for winding up the Fund in any Annual Report to date because projections have not shown that the Fund would have been, or would be, exhausted within three years of the relevant reporting periods. In April 2024, in anticipation of one day having to prepare a wind-up plan, the Administrator began work to consider how it would handle eligible claims in a wind-up scenario. During the report period, work on a framework for a wind-up plan continued, with the Administrator seeking input from the IOUs on its preliminary hypothesis on a workable and fair methodology to allocate claims among potentially competing claims.

With the passage of SB 254 (2025) there are no such competing claims for the AB 1054 Account. It will effectively wind down once eligible claims from the Eaton Fire are processed and completed. Any remaining monies in the account shall be transferred to the SB 254 Account.

Upon the eventual termination of the Fund if and when both Accounts are exhausted, any residue monies will flow to the California's General Fund to be used for wildfire mitigation pursuant to Public Utilities Code Sections 3292(i)(2) and 3292(k)(2).

As noted in Section II above, payments for the Kincade and Dixie Fires are expected to be completed approximately six to seven years after those fires occurred. The Eaton Fire was considerably larger, and as noted above, SCE has already recorded losses that exceed the $1 billion claims threshold 15 months after the event. Nevertheless, on a paid basis the fund is not likely to be exhausted in the next three years. It is too early to determine if the expected payments plus reserves for unpaid claims will exhaust the AB 1054 Account assets within the next three years. Accordingly, this Annual Plan does not include a plan for winding up the Fund.

The Administrator will continue its work on the development of a pro forma wind-up plan that incorporates the structural changes enacted by SB 254, which are detailed in this Annual Report.