CEA CALIFORNIA EARTHQUAKE AUTHORITY™

Wildfire Fund Administrator

# TABLE OF CONTENTS

August 6, 2026

CEA CALIFORNIA EARTHQUAKE AUTHORITY™

Wildfire Fund Administrator

**Notice Publication Date: July 27, 2026**

# PUBLIC NOTICE

## A PUBLIC MEETING OF THE CALIFORNIA CATASTROPHE RESPONSE COUNCIL

**NOTICE IS HEREBY GIVEN** that the California Catastrophe Response Council (Council) will conduct a public meeting as described in this Notice. Pursuant to California Government Code §11120 *et seq.*, the Bagley-Keene Open Meeting Act applies generally to meetings of the Council, and the meeting is open to the public – public participation, comments, and questions will be welcome for agenda items on which the Council is considering. All items on the Agenda are appropriate for action if the Council wishes to take action. Agenda items may be taken out of order.

This meeting will be held both in person and via teleconference in accordance with Government Code section 11123.2. The meeting location noted below will be open to Council members and the public. The public may also participate remotely through the Zoom meeting link below. None of the locations from which Council members may participate remotely will be open to the public.

**DATE:** August 6, 2026
**TIME:** 1:00 p.m.
**LOCATION:** State Treasurer Office, 915 Capitol Mall, First Floor Board Room 121, Sacramento, CA 95814

**TELECONFERENCE ACCESS:**

**By Computer** (Open the Zoom* App, or navigate to www.zoom.com):
**Enter Meeting ID:** 881 8162 3699
**Direct Link:** https://us02web.zoom.us/j/88181623699

**By Phone**: 1 (669) 900-6833
**Enter Meeting ID**: 881 8162 3699

* Please note that use of the Zoom platform to access the meeting may require the entry of an email address and may be subject to the Terms of Use and Privacy Policy of Zoom, which are outside the control of the Council or CEA. Anyone with concerns about the use of Zoom should attend the meeting from the physical location noted above.

**PUBLIC PARTICIPATION PROCEDURES:** All members of the public shall have the right to observe the meeting and offer comments at this public meeting. Members of the public may join the meeting and participate either at the meeting location or through the Zoom link shown on the first page of this notice. Please note that the Chair may place time constraints on public comments.

Please also note that this meeting may be recorded, and that making public comments at the meeting will indicate your consent to the recording and to all future use and distribution of the recording.

**ACCESSIBILITY FOR DISABLED PERSONS:** The CEA complies with the Americans with Disabilities Act (ADA) by ensuring that the meeting facilities are accessible to persons with disabilities, and providing this notice and information given to the members of the California Catastrophe Response Council in appropriate alternative formats when requested. If you need further assistance, including disability-related modifications or accommodations, you may contact CEA's ADA Coordinator no later than five calendar days before the meeting at (916) 661-5400, or by email to EEO@calquake.com. TTY/TDD and Speech-to-Speech users may dial 7-1-1 for the California Relay Service to submit comments on an agenda item or to request special accommodations for people with disabilities.

**MEETING MATERIALS:** A copy of this Notice and Agenda has been posted on the Wildfire Fund website https://www.cawildfirefund.com/council. Prior to the meeting, the written materials that will be provided to members of the Council will also be posted on this website. Finally, on the day of the meeting, a copy of any presentation deck that the Council or the Administrator may use during the meeting will also be posted to this site.

For further information about this notice or its contents:


**Agenda Information:**
Bret Ladine, Esq.
General Counsel
916.825.0148 (Direct)
Toll free: (877) 797-4300
bladine@calquake.com

**General Meeting Information:**
Susan Johnson
Governance Liaison
(916) 397-6595 (Direct)
Toll free: (877) 797-4300
sjohnson@calquake.com

**Media Contact:**
(279) 203-5998
media@calquake.com


**To view this notice on the California Wildfire Fund website and to access meeting materials, please visit** https://www.cawildfirefund.com/council

## AGENDA

1. **<u>Quorum</u>:** Call to order, and establishment of a quorum.

2. **<u>Minutes</u>:** Review and approve the minutes of the May 7, 2026, meeting of the Council.

3. **<u>Annual Report to the Legislature</u>:** CEA Executive Staff will present and seek Council review and approval of the Administrator's Seventh Annual Report to the Legislature for the period of July 1, 2025 through June 30, 2026, for submission to the Senate Committee on Energy, Utilities and Communications and the Assembly Committee on Utilities and Energy.

4. **<u>Wildfire Fund Administration Following the 2025 LA Wildfires</u>:** CEA Executive Staff will report on and engage the Council in discussion on the evolving nature of `Wildfire Fund administration and Council oversight following the 2025 LA Wildfires in light of the subsequent passage of SB 254 (2025, Sen. Becker; Asm. Petrie-Norris), which closed the original fund created in 2019 under AB 1054 ("AB 1054 Fund") by cutting off its exposure to covered wildfires ignited after September 19, 2025, and created the SB 254 Continuation Account ("SB 254 Account") for covered wildfires ignited after September 19, 2025.

   A. **Administration of the AB 1054 Fund:** CEA executive staff will report on the administration of the AB 1054 Fund, including:

      i. **Financial and Investment Management of AB 1054 Fund –** Chief Financial Officer Tom Hanzel will report on the financial condition of the AB 1054 Fund and how investments are being managed to meet claim paying needs and liquidity demands.

      ii. **Administration of Claims on the AB 1054 Fund** – Chief Insurance & Claims Officer George Sittner will provide an update and answer questions regarding claims administration on claims from covered wildfires payable from the AB 1054 Fund (Kincade Fire; Dixie Fire; and Eaton Fire).

   B. **Operationalizing the SB 254 Account:** CEA executive staff will report on the planning and timing of initiating capitalization of the SB 254 Account, including:

      i. **Overview of the Capitalization Process and Timing** – General Counsel Bret Ladine and Chief Executive Officer Tom Welsh will describe the statutory framework and timeline for capitalizing the SB 254 Account.

   ii. **Financial Administration and Liquidity Preparation** – Mr. Hanzel will provide a briefing on the preparatory work with the financing team and DWR to be prepared to address the liquidity needs of the SB 254 Account if necessary.

C. **Council Governance and Oversight** – Mr. Welsh and Mr. Ladine will discuss and seek Council member engagement on matters that facilitate the Council's oversight functions, including:

   i. **Bagley-Keene Act Compliance and Closed Sessions during Council Meetings** – Mr. Ladine will provide a briefing on the provisions of the Bagley-Keene Open Meetings Act that provide limited authority to conduct closed sessions and seek direction on the potential to engage the Legislature on potential expansion of the Council's closed session authority.

   ii. **Articles of Governance** – Mr. Welsh will engage the Council on the potential to refresh the 2019 Articles of Governance in light of changes to the structure of the Wildfire Fund under SB 254.

**5.** **<u>Enterprise Risk Management</u>** – Chief Risk & Actuarial Officer Shawna Ackerman will provide the Council with an update on CEA's ERM program related to the administration of the Wildfire Fund.

**6.** **<u>Annual Administrator Evaluation:</u>** Council Member Bryan Cash will give an overview of the process used for the Council's annual evaluation of the CEA's performance as Administrator of the Wildfire Fund during 2025 and will facilitate Council member discussion of evaluation comments.

**7.** **<u>Proposed 2027 Meeting Schedule:</u>** CEA will present recommended dates for 2027 Council meetings.

**8.** **<u>Public Comment</u>:** Public comment on matters within the California Catastrophe Response Council's subject matter jurisdiction that do not appear on this Agenda. Please note that while the Council may hear general public comments on matters within its subject matter jurisdiction, Council members may not otherwise deliberate, including providing substantive comments in response to, any matter not specified on this Agenda.

**9.** **<u>Adjournment</u>.**

August 6, 2026

**Item Name:** Meeting Minutes

**Recommended Action:** Approve Minutes of May 7, 2026 Meeting

---

Attached are draft minutes of the California Catastrophe Response Council (Council) meeting held on May 7, 2026. CEA staff reviewed these minutes and determined that they accurately summarize and document the matters discussed and actions taken by the Council at this meeting.

CEA staff recommends approval and adoption of the draft minutes as the official record of the Council's May 7, 2026 meeting.

**California Catastrophe Response Council**

**MEETING MINUTES**

Date: May 7, 2026

Time: 1:00 p.m.

Location: CalPERS – Feckner Auditorium, Lincoln Plaza North 400 P Street, Sacramento, CA 95811 & via Zoom/Teleconference (Meeting ID: 894 0694 7941)

**1. Quorum:** Call to order, and establishment of a quorum.

Chair Ghilarducci called the meeting to order at 1:10 p.m. Ms. Johnson called roll and confirmed a quorum.

| Panel Member | Attendance |
|---|---|
| Governor - Designee Mark Ghilarducci | In Person |
| Treasurer - Designee Khaim Morton | In Person |
| Insurance Commissioner - Designee Michael Martinez | In Person |
| Secretary of Natural Resources - Designee Bryan Cash | In Person |
| Tracy Van Houten | In Person |
| Kathleen Ritzman | Remote |
| Rhoda Rossman | In Person |
| Paul Rosenstiel | In Person |
| Catherine Barna | In Person |

**Board Members Absent:** None

**CEA Staff Present:** Tom Welsh (Chief Executive Officer), Shawna Ackerman (Chief Risk and Actuarial Officer), Tom Hanzel (Chief Financial Officer), George Sittner (Chief Insurance and Claims Officer), Susan Johnson (Governance Liaison)

**Other Presenters:** SB 254 Research Study Director Dr. Laurie Johnson

**Public Attendees:** Members of the public attended in person, and via Zoom/Teleconference.

2. **Minutes (Action):** Review and approve the minutes of the February 5, 2026, meeting of the Council.

   The draft minutes from the February 5, 2026 meeting were reviewed.

   **Motion**: Ms. Van Houten moved to approve; Ms. Barna seconded.

   No Public Comment was received.

   **Outcome**: Motion passed by unanimous roll call vote.

3. **SB 254 (Information):** CEA Chief Executive Officer Tom Welsh and SB 254 Research Study Director Dr. Laurie Johnson will report on the now completed SB 254 Natural Catastrophe Resiliency Study.

CEO Tom Welsh provided a brief background on the creation and administration of the California Wildfire Fund as well as events that led up to the SB 254 report. He noted that the report closes out a 6-month high intensity initiative given to CEA by the legislature. He added that July 12, 2026, will mark the 7th anniversary of the California Wildfire Fund and the establishment of CEA's role as the Administrator under AB 1054, and the establishment under AB 111 of the California Catastrophe Response Council.

SB 254 Highlights:

- SB 254 was passed in September 2025 in response to the January 2025 Southern California wildfires and the understanding that the Eaton Fire in Altadena was a potentially Fund exhausting event.
- SB 254 created a continuation account of up to $18 billion dollars within the Wildfire Fund for Investor-Owned Utility (IOU) linked wildfires ignited on or after September 19, 2025.
- SB 254 mandated that CEA undertake and deliver a Natural Catastrophe Resiliency Study report to the legislature.
- The central objectives of the study were threefold:
  - To accelerate recovery after a catastrophe
  - Responsibly and equitably allocate the burdens and costs of natural catastrophes

  - Mitigate damage
- The statutory scope included 10 directives and work streams covering catastrophe risk financing, property insurance, utility liability and risk reduction, and community reduction and financing.
- Stakeholder input included 80 abstracts and final submissions received from 65 to 69 unique contributors, plus engagement with about 183 individual organizations and people.

Dr. Laurie Johnson continued the presentation by describing the major policy pathways included in the study.

- Pathway 1: Commit to Community Wildfire Risk Reduction
  - Targeted community risk reduction through mitigation
  - Stimulate shared responsibility for wildfire risk reduction and community resiliency
  - Prioritize electric utility safety and accountability

- Pathway 2: Equitably Allocate catastrophe Risk Burdens
  - Strengthen access to residential property insurance for all California homeowners and renters
  - Reform Utility Liability
  - Improve efficiency and accelerate compensation by creating a "fast-pay" facility for survivors of utility-caused wildfires
  - Create a more durable and permanent Wildfire Find

- Pathway 3: State Roles in Catastrophe Resiliency as related to wildfires but with the ability to expand to other natural catastrophes
  - Establish a State-administered wildfire liability insurance program for electric utilities
  - Develop a long-term funding strategy for statewide community wildfire mitigation.

Public comment was received from Seren Taylor (Personal Insurance Federation of CA, PFIC) and Jamie C.

4. **<u>Administrator's Operational Reports (Information)</u>:** CEA Executive Staff will report on the following:

   A. Claims Administration Update: Kincade Fire; Dixie Fire; Eaton Fire

Chief Insurance and Claims Officer George Sittner provided an update on the Kincade, Dixie, and Eaton fires, related PG&E CPUC rate-recovery applications, and reasonable business judgment in claims review.

Eaton Fire:

The Eaton Fire ignited within Southern California Edison's (SCE) servicing territory on January 7, 2025 and is a covered wildfire under the California Wildfire Fund (CWF). SCE has submitted a wildfire claim and has begun sending claims data.

- SCE provided written notice estimating payments of more than $750 million in the aggregate from the 2025 fire; subrogation settlements plus wildfire recovery compensation program claims had exceeded the $1 billion threshold.
- Sedgwick Claims Management and CWF staff have met regularly with SCE to develop a smooth and secure data transfer process which should also speed up the claims administration process.
- SCE has begun auditing subrogation claims and some subrogation claims data has started coming in.
- Two subrogation claims have been publicly reported as having been settled for an average of $0.55 on the dollar.
- SCE launched a voluntary Wildfire Recovery Compensation Program (WRCP) on October 29, 2025 and that claims data is expected in Q2. The streamlined claims program is designed to deliver fast and compensatory payments for individuals and businesses to file claims with or without an attorney. WRCP activity as of April 21, 2026:
    - 3,200 claims submitted consisting of approximately 9,300 individuals, trusts, and legal entities
    - More than 1,400 offers, totaling $475 million, were extended
    - 735 claimants paid, totaling more than $95 million.

Kincade and Dixie Fires:

The Kincade Fire ignited in Sonoma County, within PG&E's servicing territory, on October 23, 2019. It burned 77,000 acres and destroyed 374 structures. PG&E estimated aggregate liabilities at $1.325 billion and as of January 15, 2026 has committed settlements of approximately $1.320 billion.

The Dixie Fire ignited in Plumas County on July 13, 2021 within PG&E's servicing territory. It burned 960,000 acres and destroyed 1,311 structures. PG&E estimated aggregate liabilities of $2.15 billion and as of January 15, 2026, has committed settlements of approximately $2.06 billion.

- On November 14, 2025, PG&E filed an "Application for Review and Recovery of Costs Associated with the 2019 Kincade Fire and 2021 Dixie Fire Under AB1054" with the CPUC.
- CPUC's proposed decision is scheduled to be issued on November 13, 2026
- Reasonable business judgment in regard to claims review focused on claim validity, value, documentation, consistency, and duplicate-payment controls.

B. Enterprise Risk Management

Chief Risk and Actuarial Officer Shawna Ackerman provided an update on the Wildfire Fund's priority risks noting that the Enterprise Risk Management program, approaching its seventh year, routinely reviews 12 key priority risks.

Key Highlights:

- No additional risks were identified as needing to be added or reprioritized.
- Cybersecurity and AI policy risks are emerging as critical industry risks with cybersecurity edging out climate and environmental risk for the first time in several years.
- In April 2026, CEA received a second annual SOC 2 certification.
- The SB 254 report no longer poses an execution risk; however reputational risk continues to be closely monitored due to high public expectations.
- Controls for SB 254 reputational risk include media monitoring, talking points, narrow outreach, and availability for technical assistance.
- Climate and environmental risk are affected by the frequency and severity of wildfires for which claims are paid.
- The 2019 articles of governance have not been refreshed and are possible candidates for review at the next Council meeting.

- Current law (the Bagley-Keene Open Meetings Act) provides only limited authority for the Council to discuss items, like confidential claims information, in closed session. The Council supported agendizing a discussion of Bagley-Keene Act issues at the next Council meeting.

C. Financial Report

Chief Financial Officer Tom Hanzel provided an update on a Liquidity Support Program related to the Eaton Fire and a financial report on the Wildfire Fund as of March 31, 2026. Mr. Hanzel noted that the Eaton Fire could be a terminal event and fully deplete the Fund. Focus continues to be on building the claim-paying capacity of the Fund while also preparing liquidity for immediate payment when called upon.

Liquidity Support Program:

- Southern California Edison (SCE) and the CWF Administrator signed a Memorandum of Understanding on May 21, 2026, for a Liquidity Support Program related to the Eaton Fire. The program supports SCE's financial stability by allowing the Fund to accelerate advance payments to SCE for early and reasonable settlement of Eaton Fire claims.

Financial Report Highlights:

- Total Fund assets increased approximately $1.2 billion or 8.9% year over year to $14.4 billion as of March 31, 2026.
- Fund liabilities include about $273 million for expected future payments to PG&E, consisting of $258 million related to the Dixie Fire and $15 million remaining related to the Kincade Fire.
- In Q1 2026, additions to the Fund included $213 million in non-bypassable charges and $103 million in investment income, offset by $17 million in the change in unrealized loss position.
- Income return stands at just over 3 percent, with anticipated investment earnings this year of over $400 million.

No public comment was received.

5. **<u>Proposed 2026 Budget Augmentation (Action)</u>:** CEA Chief Financial Officer Tom Hanzel presented an update on the Wildfire Fund 2026 Budget and sought approval of augmentations to the budget.

Tom Hanzel presented a proposed budget augmentation of approximately $75.9 million, driven primarily by an anticipated additional Dixie Fire payment tied to a recent PG&E filing, along with added SB 254 study costs and increased Sedgwick claims-review expenses.

Key Highlights:

- The proposed budget augmentation includes $75 million related to a recent PG&E quarterly filing and an expectation of additional claims payments for the Dixie Fire.
- Additional budget augmentation items include $505,000 for the SB 254 study, $3,000 for meeting facility costs, and $350,000 for Sedgwick related to the Dixie and Kincaid fires.
- The $350,000 Sedgwick request was connected to additional review associated with the added $75 million in Dixie claims and additional time needed for the claims review process.

Additional Notes:

- The SB 254 study amount was tied to additional analytics that were not in the original scope and additional consultant time.
- Consultant spending related to the study totals about $6 million when prior-year spending, current-year spending, and the $505,000 augmentation are considered.
- Approximately $1 million within those contracts has not been spent and overall spending is expected to come in below the maximum threshold by up to $1 million.
- The budget table showed the originally approved budget, adjustments, adjusted budget, actual spend through the first three months of the year, and percentage spent so far of the total adjusted budget.
- Sedgwick billing is hourly and volume-driven, with detailed invoices reviewed for reasonableness and diligence.

  **Motion**: Ms. Barna moved to approve; Mr. Morton seconded.

  No Public Comment was received.

  **Outcome**: Motion passed by unanimous roll call vote.

6. **<u>Public Comment</u>:** Public comment on matters within the California Catastrophe Response Council's subject matter jurisdiction that do not appear on this Agenda. Please note that while the Council may hear general public comments on matters within its subject matter jurisdiction, Council members may not otherwise deliberate, including providing substantive comments in response to, any matter not specified on this Agenda.

   No Public Comment was received.

7. **Adjournment**

Chair Ghilarducci adjourned the meeting at 3:40 p.m.

August 6, 2026

**Item Name:** Annual Report

**Recommended Action:** Review and approve the Seventh Annual Report for submission to the Senate Committee on Energy, Utilities and Communications and the Assembly Committee on Utilities and Energy

---

## Executive Summary

Pursuant to California Public Utilities Code section 3283, the Administrator has prepared a draft of the Seventh Annual Report on California Wildfire Fund Operations (Annual Report) for Council for review and approval. Annual Reports are to be submitted to the Legislature on August 15th each year.

SB 254 (2025) repealed the original 2019 statutes that provided for two separate annual legislative reports on Wildfire Fund operations and enacted a new reporting requirement in Public Utilities Code section 3283. Section 3283 now sets forth five topics for reporting and establishing the August 15th annual submission date. The Annual Report includes information on the following topics:

1. **Wildfire Fund Assets** – including both assets under AB 1054 and any in the continuation account created under SB 254.
2. **Durability Projections** – for the entire Wildfire Fund, inclusive of the Continuation Account.
3. **Claims Received and Paid** – arising from covered wildfires ignited by a participating investor-owned utility (IOU).
4. **Actions of the Council or the Administrator** – a summary of material administrative activities during the prior year.
5. **Wind-Up Plans** – any plan for winding up the Wildfire Fund if or when the Administrator's projections show that the Wildfire Fund will be exhausted within the next three years.

The reporting period in Annual Reports will cover July 1 through June 30 of the next year. This Seventh Annual Report covers the one-year period of July 1, 2025 through June 30, 2026.

## Draft Seventh Annual Report

Attached is the Administrator's draft of the Seventh Annual Report on California Wildfire Fund Operations for review, comment, and approval by the Council. Upon Council approval, the Administrator will format and submit this Seventh Annual Report to the policy committees in the Assembly and Senate.

## Recommendation

The Administrator recommends that the Council approve the Seventh Annual Report on Wildfire Fund Operations for submission to the Legislature, consistent with the requirements of Public Utilities Code section 3283.

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

(Pursuant to Public Utilities Code section 3283)

**Report Period:** July 1, 2025 – June 30, 2026

**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.

# ***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.

**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

[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).

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 on-going 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 ADMINISTRATOR’S

*ANNUAL REPORT TO THE CALIFORNIA CATASTROPHE RESPONSE COUNCIL AND THE CALIFORNIA LEGISLATURE*

(Pursuant to Public Utilities Code section 3283)

**Report Period:** July 1, 2025 – June 30, 2026

**Date of Report:** August 15, 2026

## I. 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 und 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 Pacific Gas & Electric Company ("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.

**California Earthquake Authority**

Fiduciary Fund
Statement of Fiduciary Net Position
Fiduciary Fund of California Wildfire Fund

**December 31, 2025 and 2024**

| | Custodial Fund | |
|---|---|---|
| | 2025 | 2024 |
| **Assets** | | |
| 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 | 12,858,043,443 |
| **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 used to secure Wildfire Revenue Bonds if issues; 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. | PG&E initial capital contribution | 7/1/2020 | 4,815,000,000 |
| 6. | PG&E 2019 annual 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 Loan 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 occuring 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

[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.

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.

## II. 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.

### 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 CPCU 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 assessment of the durability of the Fund as reported in SEC filings.

## 1 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.

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

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]

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. (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] 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."

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 estimate 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.

## 2 Prudency Determinations.

Adverse prudency determination by the CPUC following an 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 and 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.

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 post-September 19, 2025 IOU-linked wildfires (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 in 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 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, more than double the size of the capital commitments made to the SB 254 Account. (See SB 254 Report, at p. 80).

## III. 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 from 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).

**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 judgement, 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.

**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 judgement.

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

[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.

Cal Fire Investigation Report estimates over $650 million of costs suppressing the 2021 Dixie Fire.

**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 arching of a 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.

## IV. 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] |
|---|---|---|
| **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 |
| **Kincade Fire,** 10/13/2019 | 07/16/2020 | 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) |
| **Eaton Fire,** 01/07/2025 | Investigation ongoing 09/12/2025 | Fire originated in SCE servicing territory The Eaton Fire is a covered wildfire, loss estimate is still to be determined |

***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

[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.

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]

## 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.

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

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.

## V. 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.

August 6, 2026

**Item Name:** Wildfire Fund Administration Following the 2025 LA Wildfires

**Recommended Action:** Discussion Item

---

## Background

The passage of SB 254 (2025, Becker, Petrie-Norris) in response to the 2025 LA Wildfires enacted important structural changes to the Wildfire Fund. Most significant is the creation and segregation of two claim-paying accounts within the Fund that cover wildfires ignited during two different time periods. The two accounts and their respective coverage periods are:

- **AB 1054 Account -** The original 2019 account created and capitalzied under AB 1054, with approximately $21 billion in claim-paying capacity, now covering wildfires ignited between July 12, 2019 and September 19, 2025.
- **SB 254 Account –** The "continuation account" created under SB 254, with approximately $18 billion in capacity, covering wildfires ignited after September 19, 2025.

> The 2025 LA Wildfires had a devastating impact on the Southern California region and especially on the communities and survivors impacted by the Eaton and Palisades Fires. The Eaton Fire is now a "covered wildfire" for the Wildfire Fund and the Legislature enacted SB 254.
>
> The resulting changes to the administration of the Wildfire Fund makes it vital for the Administrator to support Council input on and facilitate oversight of CEA's evolving administrative activities.

The segregation of these two claim-paying accounts has required adjustment to administrative activities. CEA will describe and solicit Council input and engagement to facilitate the Council's strong oversight of CEA's activities to ensure prudent administration of the Wildfire Fund. The topics for discussion at this meeting will include the following:

### Administration of the AB 1054 Account and SB 254 Account.

A. **Administration of the AB 1054 Account** – The setting of the coverage period of the AB 1054 Account to covered wildfires ignited prior to September 19, 2025, together with the impact of the Eaton Fire becoming a covered wildfire, have resulted in changes to investment and financial management, and claims administration.

   The Administrator's regular Financial Report is attached as **Attachment 4.A.i** and will be discussed. In addition, CEA staff will facilitiate Council oversight of changes to:

i. **Financial and Investment Management –** CEA will explain the ways in which investment management and strategy have been updated to meet evolving claim paying needs and liquidity demands.

ii. **Claims** – Administration of claims arising from covered wildfires payable from the AB 1054 Fund, specifically claims from PG&E for the Kincade and Dixie Fires, and claims from Southern California Edison (SCE) for the Eaton Fire, will be described. This discussion will likely cross over into the subsequent discussion (**Section C** below) regarding Council Governance & Oversight, as we explore balancing between and among the privacy rights of survivors, the proprietary interests of utilty companys and their ratepayers, and the need the Administrator to facilitate the Council's ability to undertake robust, meaningful oversight of claims administration to ensure that all claims paid by the Fund meet the legal standard of having been resolved through the exercise of "reasonable business judgment."

B. **Operationalizing the SB 254 Account:** The discussion will also include the administrative process for the new SB 254 Account, including planning and timing of initiating capitalization of the SB 254 Account. This discussion will cover the following:

i. **Overview of the Capitalization Process and Timing** – General Counsel Bret Ladine and Chief Executive Officer Tom Welsh will describe the statutory framework and timeline for capitalizing the SB 254 Account. **Attachment 4.B.i** provides additional details for this discussion.

ii. **Financial Administration and Liquidity Preparation** – Mr. Hanzel will provide a briefing on the preparatory work with the CEA's financing team and DWR to ensure readiness to meet liquidity needs of the SB 254 Account, if necessary. **Attachment 4.B.ii** provides additional details for this discussion.

## Council Governance & Oversight Functions

C. **Council Governance and Oversight** – During the Council's May 7, 2026 meeting, the Council expressed a desire to include on the Agenda for this meeting a deeper discussion of the Council's current statutory authority to discuss certain business matters, particularly oversight of claims administration, in closed sessions, and the potential need to update the 2019 Articles of Governance to incorporate changes enacted in SB 254.

i. **Bagley-Keene Act Compliance and Closed Sessions during Council Meetings** – A summary of the key provisions of the Bagley-Keene Act that govern the conduct of Council meetings, and the subjects the Council may discuss in a closed session, is included as **Attachment 4.C.i.**

ii. **Articles of Governance** – A copy of the 2019 Articles of Governance are included as Attachment **4.C.ii**. This discussion will seek direction from the Council on potential enhancements to the Articles of Governance that will

CALIFORNIA EARTHQUAKE AUTHORITY™

Wildfire Fund Administrator

# FINANCIAL REPORT

## June 30, 2026

# Financial Report Table of Contents

# Financial Statements

# California Wildfire Fund
## Balance Sheets

UNAUDITED

| Assets | June 30, 2026 | June 30, 2025 |
|---|---|---|
| Cash and investments: | | |
| Cash and cash equivalents | $ 8,658,465,435 | $ 5,382,129,818 |
| Investments | 6,391,537,754 | 8,069,866,702 |
| Total cash and investments | 15,050,003,189 | 13,451,996,520 |
| Interest receivable | 35,210,532 | 46,732,886 |
| Total assets | $ 15,085,213,721 | $ 13,498,729,406 |
| **Liabilities and Net Position** | | |
| Loss and loss adjustment expense reserves | $ 441,096,513 | $ 590,138,853 |
| Accounts payable and accrued expenses | 2,381,162 | 2,477,486 |
| Related party payable - CEA | 101,167 | 372,156 |
| Securities payable | 536,203,744 | 78,291 |
| Total liabilities | 979,782,586 | 593,066,786 |
| Net position: | | |
| Restricted for CWF | 14,105,431,135 | 12,905,662,620 |
| Total net position | 14,105,431,135 | 12,905,662,620 |
| Total liabilities and net position | $ 15,085,213,721 | $ 13,498,729,406 |

## California Wildfire Fund
## Statements of Revenues, Expenses and Changes in Net Position

**UNAUDITED**

| | Six Months Ended June 30, 2026 | Six Months Ended June 30, 2025 |
|---|---|---|
| **Additions to fund assets:** | | |
| Rate payer monthly NBCs | $ 445,980,803 | $ 421,475,153 |
| Total contributions | 445,980,803 | 421,475,153 |
| Investment income & expenses | 212,722,555 | 212,700,015 |
| Change in unrealized gain/(loss) | (21,610,730) | 270,818,425 |
| Net investment income/(loss) | 191,111,825 | 483,518,440 |
| Total additions to fund assets | 637,092,628 | 904,993,593 |
| **Deductions to fund assets:** | | |
| Losses and loss adjustment expenses | 370,000,000 | 160,000,000 |
| General and administrative expenses | 4,724,948 | 4,035,560 |
| Personnel expenses | 816,974 | 421,104 |
| Total deductions to fund assets | 375,541,922 | 164,456,664 |
| Increase/(decrease) in net position | 261,550,706 | 740,536,929 |
| Net position, beginning of year | 13,843,880,429 | 12,165,125,691 |
| Net position, end of period | $ 14,105,431,135 | $ 12,905,662,620 |

## California Wildfire Fund
## 2026 Approved Budget vs 2026 Actual Activity
## as of June 30, 2026

| | Actual Activity for Six Months Ended June 30, 2026 | Approved Budget for Six Months Ended June 30, 2026 | Actual Activity for Six Months Ended June 30, 2025 | Approved Budget for FYE 2026 | |
|---|---|---|---|---|---|
| **Additions to fund assets:** | | | | | |
| Rate payer monthly NBCs, net | $ 445,980,803 | $ 403,375,934 | $ 421,475,153 | $ 901,245,965 | * |
| Utility annual contributions | - | - | - | 300,000,000 | |
| Investment income (net of expenses) | 212,722,555 | 243,159,737 | 212,700,015 | 488,191,129 | |
| **Total additions to fund assets** | **$ 658,703,358** | **$ 646,535,671** | **$ 634,175,168** | **$ 1,689,437,094** | |
| **Deductions to fund assets:** | | | | | |
| Wildfire paid claims | $ 172,149,756 | $ 288,246,269 | $ 276,182,441 | $ 613,246,269 | ** |
| Personnel expenses - allocated from CEA | 816,974 | 1,031,059 | 421,104 | 2,127,227 | |
| *General and administrative expenses:* | | | | | |
| SB 254 study | 3,497,024 | 4,369,803 | - | 4,730,519 | |
| Wildfire fund durability initiatives | - | - | 2,932,145 | - | |
| Other contracted services | 399,929 | 400,000 | 387,054 | 860,000 | |
| Direct legal services-general | 97,263 | 82,500 | 97,238 | 165,000 | |
| Financial services consulting | 150,000 | 149,940 | 148,492 | 312,879 | |
| Bank fees | 158,569 | 160,182 | 143,707 | 327,721 | |
| G&A expenses - allocated from CEA | 410,336 | 401,959 | 321,753 | 803,876 | |
| Travel | - | 14,000 | - | 24,680 | |
| Software and licenses | - | 200 | - | 600 | |
| Direct IT services | - | 600 | - | 1,000 | |
| Audit fees | 4,000 | 4,000 | 4,000 | 4,000 | |
| Printing & stationery | 1,183 | 2,400 | 557 | 4,800 | |
| CCRC & meeting expenses | 6,644 | 4,500 | 614 | 6,000 | |
| *Total general and administrative expenses:* | 4,724,948 | 5,590,084 | 4,035,560 | 7,241,075 | |
| **Total deductions to fund assets** | **$ 177,691,678** | **$ 294,867,412** | **$ 280,639,105** | **$ 622,614,571** | |
| Change in unrealized gain/(loss) | (21,610,730) | - *** | 270,818,425 | - | |
| **Overall change to fund assets** | **$ 459,400,950** | **$ 351,668,259** | **$ 624,354,488** | **$ 1,066,822,523** | |

* - Budgeted NBC funds to be received by CWF in 2026 are net of $6.2mm for DWR administrative and operating expenses.

** - SCE reported in their March 31, 2026 10Q that they had recorded recoveries of $295mm from the CWF related to the Eaton Fire. This figure includes the Council approved budget of $318,246,269 related to the Dixie and Kincade Fires, and the $295mm related to the Eaton Fire.

*** - Unrealized gain/loss is not budgeted for CWF

California Wildfire Fund
Cost Allocation Methodology and Calculation for the Six Months Ended June 30, 2026 and 2025
06/30/2026

**Note 1: Cost Allocation Approach**

CEA's Cost Allocation Plan is based on the Direct Allocation Method. The Direct Allocation Method treats all costs as direct costs except general administration and general expenses.

Direct costs are those that can be identified specifically with a particular final cost objective. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.

The general approach of the CEA in allocating costs to the CWF is as follows:
A. All direct costs that are incurred directly by the CWF.
B. All other general and administrative costs (costs that benefit both Funds and cannot be identified to a specific Fund) are allocated to each Fund using a base that results in an equitable distribution. Costs that benefit more than one Fund will be allocated to each Fund based on the ratio of each Fund's salaries/benefits to the total of such salaries/benefits

Essentially, CWF cannot operate without administrative functions and these areas touch every aspect of the business and this is the justification for allocation. A continuing review of cost allocation will be a policy and more importantly, it will not be a standard and may change from time to time.

**Note 2: Direct and Indirect Costs**

Starting in July 2019, the CEA, acting as the interim administrator of the CWF, started tracking employees who were working directly on the CWF. These hours were tracked in a time tracking software that is on CEA's SharePoint intranet site.
The following hours were captured and the CEA applied each employees hourly rate + the predetermined burden rate to come up with the direct labor charge for the CWF for the Six Months Ended June 30, 2026 and 2025.

| | Department | Six Months Ended June'26 | | Six Months Ended June'25 | |
|---|---|---|---|---|---|
| | | Hours | Salaries & Benefits | Hours | Salaries & Benefits |
| 1. | Comms | 496.8 | 38,246 | 415.5 | 36,232 |
| 2. | Exec | 1,330.4 | 327,266 | 665.8 | 74,593 |
| 3. | Finance | 619.0 | 141,983 | 595.5 | 112,169 |
| 4. | IT | 43.0 | 7,447 | - | - |
| 5. | Internal Ops | 26.8 | 2,398 | 28.0 | 2,869 |
| 6. | Insurance Ops | 927.0 | 168,627 | 108.5 | 23,725 |
| 7. | Legal | 148.2 | 21,246 | 501.9 | 127,155 |
| | *Total Direct Hours/Costs* | 3,591.1 | 707,213 | 2,315.2 | 376,743 |

| | June'26 | | June'25 |
|---|---|---|---|
| CWF Salary & Benefit costs = | 707,213 | A | 376,743 |
| CEA Salary & Benefit costs = | 11,048,681 | B | 12,503,470 |
| | 11,755,894 | C | 12,880,213 |
| Allocation % = | 6.02% | = A/C | 2.92% |

All other indirect costs, except for Clearwater charges and LMF employee S&B allocation, were allocated to the CWF based on the 6.02% and 2.92% allocations noted above. The Direct Investment Technology Support line item below consists of Clearwater (investment accounting and compliance software) charges that are allocated to the CWF based upon CWF's share of total assets under management of the CEA and CWF combined. The LMF employee S&B allocation is related to certain members of the LMF team who participated in the SB 254 study. The remaining indirect expenses noted below were charged to the CWF using the allocation percentages noted above.

| Account Name | Acct # | Amount | Amount |
|---|---|---|---|
| HR and IT staff allocation | 85101-16 | 85,902 | 44,361 |
| Loss Mitigation Employee S&B allocated | 85157-07 | 23,859 | - |
| Rent-Office and Parking | 86400-16 | 17,301 | 4,098 |
| Rent-Office Equip/Furniture | 86450-16 | 473 | 246 |
| Building Maintenance and Repairs | 86475-16 | 283 | 104 |
| Furniture/Equipment <$5000 | 86500-16 | - | 263 |
| EDP Hardware <5000 | 86505-16 | 5,051 | 1,969 |
| EDP Software <5000 | 86506-16 | 60,554 | 32,717 |
| Office Supplies | 86510-16 | 981 | 476 |
| Postage | 86530-16 | 160 | 80 |
| Telecommunications | 86550-16 | 6,430 | 4,116 |
| Insurance Expense | 86600-16 | 20,077 | 10,066 |
| Other Administration Services | 88175-16 | 1,259 | 1,148 |
| Direct Investment Technology Support | 89805-16 | 297,767 | 266,470 |
| | *Total Indirect Costs* | 520,097 | 366,114 |
| | *Total Costs* | 1,227,310 | 742,857 |

# Contributions & NBCs Received

## 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. | PG&E initial capital contribution | 7/1/2020 | 4,815,000,000 |
| 6. | PG&E 2019 annual 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 Loan 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 | 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 |

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

** - NBC funds received by CWF are net of DWR administrative and operating expenses (A&O). For the first five months of fiscal year 2026, the DWR incurred $1.6mm of A&O expenses and retained $1.8mm of funds in the DWR Charge Fund to pay future A&O expenses.

# Investment Analysis

**California Wildfire Fund**
**CWF Portfolio Overview**
**6/30/2026**

## June 30, 2026

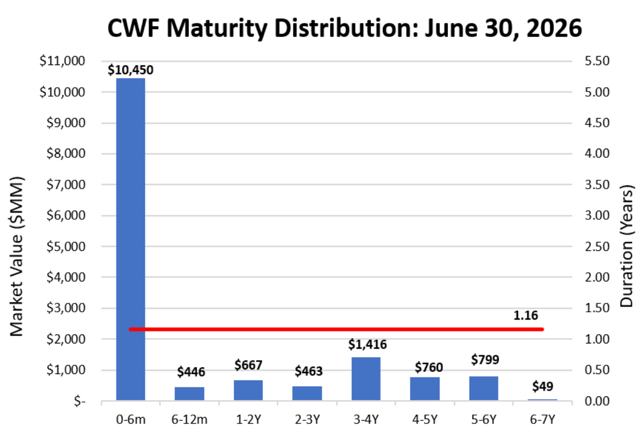
The CWF's total portfolio market value for June 2026 was $15.05 billion with an average duration of 1.16 years and average credit ratings of "AA+".

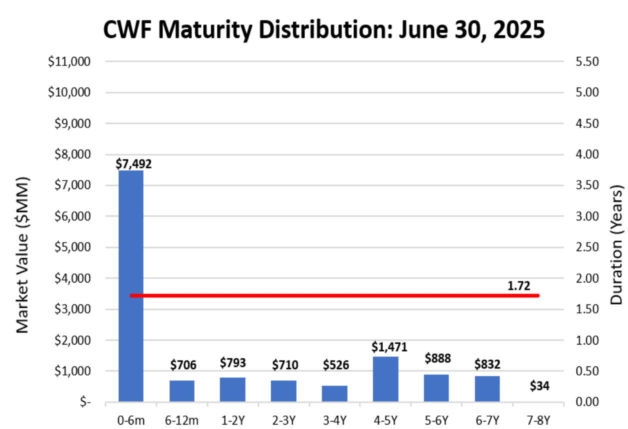
| CWF Investment Portfolio as of June 30, 2026 | | | | |
|---|---|---|---|---|
| **Sector** | **Value ($MM)** | **% of Portfolio** | **Avg Credit Rating** | **Duration (Yrs)** |
| U.S. Treasury | $ 11,674 | 77.6% | AA+ | 0.77 |
| U.S. Agency & Supranational | 406 | 2.7% | AA+ | 2.96 |
| Corporates | 2,547 | 16.9% | A+ | 2.60 |
| U.S. TSY MMF & Cash | 423 | 2.8% | AAA | 0.00 |
| **Total** | **$ 15,050** | **100.0%** | **AA+** | **1.16** |

## June 30, 2025

The CWF's total portfolio market value for June 2025 was $13.45 billion with an average duration of 1.72 years and average credit ratings of "AA".

| CWF Investment Portfolio as of June 30, 2025 | | | | |
|---|---|---|---|---|
| **Sector** | **Value ($MM)** | **% of Portfolio** | **Avg Credit Rating** | **Duration (Yrs)** |
| U.S. Treasury | $ 9,204 | 68.4% | AA+ | 1.31 |
| U.S. Agency & Supranational | 870 | 6.5% | AA+ | 1.91 |
| Corporates | 2,950 | 21.9% | A+ | 3.17 |
| U.S. TSY MMF & Cash | 428 | 3.2% | AAA | 0.00 |
| **Total** | **$ 13,452** | **100.0%** | **AA** | **1.72** |

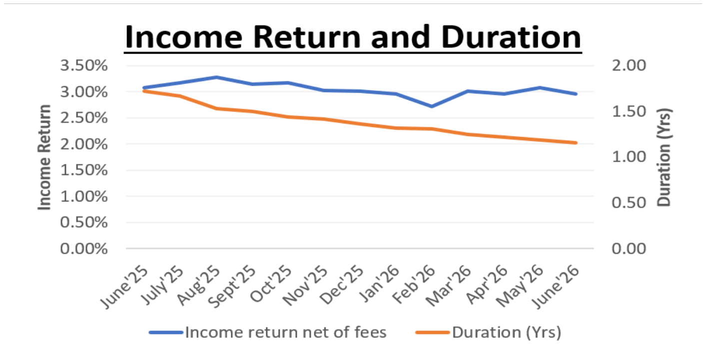


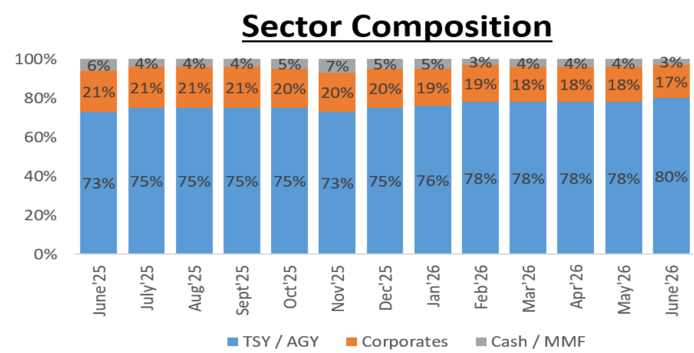



**California Wildfire Fund**
**CWF Portfolio 12-Month History**
**June 30, 2026**

| CWF Investment Portfolio Overview | June'25 | July'25 | Aug'25 | Sept'25 | Oct'25 | Nov'25 | Dec'25 | Jan'26 | Feb'26 | Mar'26 | Apr'26 | May'26 | June'26 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total Portfolio** | | | | | | | | | | | | | |
| Market Value - Cash & Investments ($MM) | $13,452 | $13,573 | $13,623 | $13,742 | $13,785 | $14,009 | $14,061 | $14,369 | $14,304 | $14,395 | $14,396 | $14,462 | $15,050 |
| Investment income ($MM) * | 34.68 | 36.10 | 37.61 | 36.21 | 36.79 | 35.45 | 35.71 | 35.51 | 32.94 | 36.49 | 35.95 | 37.54 | 36.88 |
| Change in unrealized gain/(loss) ($MM) | 50.67 | (17.35) | 63.90 | 10.34 | 17.38 | 25.15 | (5.0) | 0.21 | 48.41 | (65.79) | 3.01 | (3.57) | (3.87) |
| Investment management fees and bank fees ($MM) | 0.41 | 0.39 | 0.40 | 0.40 | 0.40 | 0.41 | 0.41 | 0.41 | 0.42 | 0.43 | 0.43 | 0.43 | 0.43 |
| **fees as a % of average AUM** | 0.0031% | 0.0029% | 0.0029% | 0.0029% | 0.0029% | 0.0030% | 0.0029% | 0.0029% | 0.0030% | 0.0030% | 0.0030% | 0.0030% | 0.0030% |
| | | | | | | | | | | | | | |
| Income return gross of fees | 3.11% | 3.21% | 3.32% | 3.18% | 3.21% | 3.06% | 3.05% | 3.00% | 2.76% | 3.05% | 3.00% | 3.12% | 3.00% |
| Income return net of fees | 3.07% | 3.17% | 3.28% | 3.14% | 3.17% | 3.03% | 3.02% | 2.96% | 2.72% | 3.02% | 2.96% | 3.09% | 2.96% |
| Yield to Maturity | 3.99% | 4.19% | 3.65% | 3.91% | 3.61% | 3.58% | 3.47% | 3.42% | 3.38% | 3.66% | 3.71% | 3.53% | 3.82% |
| Duration (Yrs) | 1.72 | 1.67 | 1.53 | 1.50 | 1.44 | 1.42 | 1.36 | 1.32 | 1.31 | 1.25 | 1.22 | 1.19 | 1.16 |
| **Portfolio Composition (%)** | | | | | | | | | | | | | |
| TSY / AGY | 73% | 75% | 75% | 75% | 75% | 73% | 75% | 76% | 78% | 78% | 78% | 78% | 80% |
| Corporates | 21% | 21% | 21% | 21% | 20% | 20% | 20% | 19% | 19% | 18% | 18% | 18% | 17% |
| Cash / MMF | 6% | 4% | 4% | 4% | 5% | 7% | 5% | 5% | 3% | 4% | 4% | 4% | 3% |

* - Investment income does not include bank and investment manager fees. The amount includes the following: (1) interest income and interest purchased (2) Accretion - discount (3) Amortization - premium (4) Realized gain/(loss)



August 6, 2026

**Item Name:** Claims Administration Update

**Recommended Action:** Discussion Item

---

## Executive Summary

**Claims Administration Update**

Wildfire Monitoring and Notification

- 2025 Eaton Fire
- 2021 Dixie Fire
- 2019 Kincade Fire

Q2 – 2026 California Wildfire Fund Quarterly Wildfire Certification Memorandum

The California Catastrophe Response Council (Council) adopted amendments to the *Wildfire Fund Claims Administration Procedures* (*Procedures*) on October 30, 2025. It also authorized the Administrator to make periodic non-discretionary, conforming changes to the *Procedures* as necessary to ensure that the *Procedures* conform to any statutory amendments that may be enacted in the future. The Administrator entered into an agreement with Sedgwick Claims Management Services, Inc. (Sedgwick) effective as of January 24, 2022, to provide claims review services for the Wildfire Fund.

These actions are in keeping with Public Utilities Code section 3284(g), which requires that the Administrator prepare and seek Council approval for written procedures for the review, approval, and timely funding of eligible claims. The Council's adoption of the *Procedures* is also in keeping with the Articles of Governance, in which the Administrator is authorized to operate the Wildfire Fund within the framework established by law and in accordance with the *Procedures* approved by the Council.

This meeting will include a general update on current covered wildfire claims for the Kincade, Dixie, and Eaton Fires, as well as facilitate Council discussion on oversight of claims administration in a manner that protect survivor privacy, confidential documents, and IOU proprietary information.

## Wildfire Monitoring and Notification

The Administrator continues to monitor and report to the Council on active wildfires as well as the status of potentially Covered Wildfires in the 2019 through 2026 coverage years. In particular, the Administrator is tracking the reported losses for two major fires that occurred in Pacific Gas and Electric's (PG&E) servicing territory - the October 2019 Kincade Fire and the July 2021 Dixie Fire. PG&E's 10-Q report to the SEC for the quarterly period ending March 31, 2026 reports aggregate liabilities of $1.325 billion and $2.150 billion for the 2019 Kincade Fire and the 2021 Dixie Fire, respectively.

The Administrator is also monitoring the January 2025 Eaton Fire, which originated in the Eaton Canyon area of Altadena, CA. The Eaton Fire ignited in the servicing territory of Southern California Edison (SCE), a participating electrical corporation of the Fund. According to the California Department of Forestry and Fire Protection, the fire burned 14,000 acres, resulted in 19 fatalities, and destroyed over 9,400 structures. The cause of the Eaton fire is under investigation. SCE's 10-Q report to the SEC for the quarterly period ending March 31, 2026 reports approximately 2000 lawsuits are currently pending against Edison International (SCE's parent company), representing approximately 30,000 individual plaintiffs, subrogation lawsuits, and lawsuits filed by public entity plaintiffs for the Eaton fire.

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.

There are no other known Covered Wildfires that ignited in 2025 or 2026 that would impact the Fund. There are currently no issues, conflicts or delays associated with participating utility claims management for the three Covered Wildfires in process – the October 2019 Kincade Fire, the July 2021 Dixie Fire, and the January 2025 Eaton Fire.

## California Wildfire Fund Claims Administration Update

The Administrator will update the Council quarterly, or more often if requested, on the status of any Covered Wildfire. For any Covered Wildfire in the Threshold Claim or Eligible Claim review state (see Figure 1), the Administrator will provide claims administration status via a California Wildfire Fund Quarterly Wildfire Certification Memorandum (attached). Covered Wildfires that have not yet reached steps 5 and 6 as outlined in Figure 1 are summarized in this document.

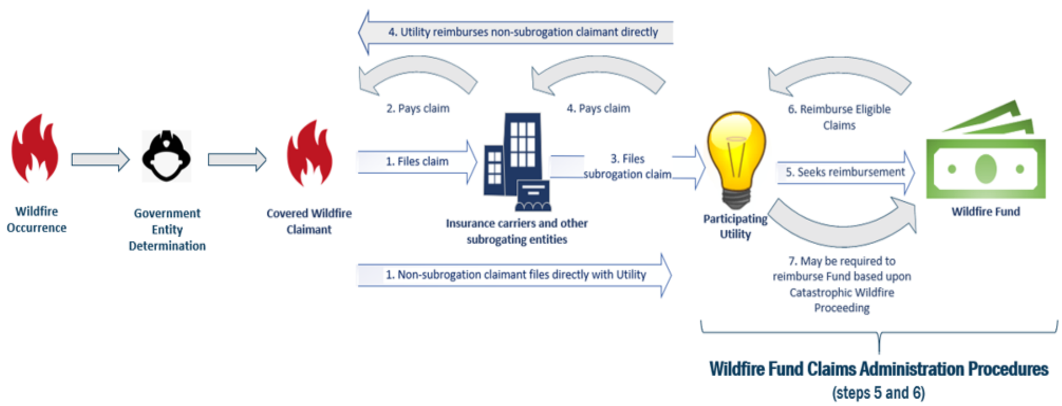



Figure 1. Illustration of the process of handling claims arising from Covered Wildfires

## 2019 Kincade and 2021 Dixie Fires

See the attached **California Wildfire Fund Quarterly Wildfire Certification Memorandum**

## 2025 Eaton Fire

Since the Eaton Fire has been identified as a Covered Wildfire, the Administrator, Sedgwick and SCE have been meeting frequently to proactively move the claims administration process forward. Sedgwick is working with SCE to develop a smooth and secure document and data transfer process for all claims as soon as those claims are identified. Work has also been performed to ensure that documents can be shared through secure and protected tools. The Administrator is meeting with Sedgwick and SCE on a regular basis as the claim administration evolves.

SCE has implemented a program known as the Wildfire Recovery Compensation Program (WRCP) where certain types of claimants can make claims directly with SCE. This optional process to settle claims is designed to support individuals, families, and other eligible claimants whose residences or business properties were either designated as damaged or destroyed by the California Department of Forestry and Fire Protection. The design of this program is backed by experts in this space and will provide direct payments and fast resolutions to eligible claimants.

The Administrator and Sedgwick worked with SCE to gain a clearer perspective and understanding of the development of the program and how it would impact claimants. The Administrator and Sedgwick performed a comprehensive review of the WRCP to include its formulas, methodologies, procedures, and document requirements. The Administrator's preliminary conclusion is that, if the WRCP is implemented and applied as designed, the resulting settlements would satisfy the standard of Reasonable Business Judgement as outlined in the Procedures. This conclusion was made considering the program was designed with the advice of several experts, counsel, and other advisors. Additionally, the program as described conforms to the conceptual amendments to the Procedures which were provided through July 24, 2025, California Catastrophe Response Council meeting materials. The WRCP was launched to the public on October 29, 2025. As of June 25, 2026, WRCP activity is as follows:

- 3900 claims submitted, consisting of ~12,000 individuals, trusts and legal entities
- 2100 offers extended to more than 5200 claimants, totaling over $743 million
- 2100 claimants paid, totaling over $341M, with more in process
- Over 50% of offers made have been accepted, with many others pending
- 31% of claims submitted by an attorney

The Administrator expects and anticipates ongoing communication with SCE throughout the implementation of the Program. Should the Administrator identify any Program design features, implementation practices or settlement outcomes suggesting that settlements are trending toward levels inconsistent with Reasonable Business Judgment, we will bring such matters to SCE's immediate attention.

SCE filed Form 8K on September 15, 2025 notifying the SEC that a subrogation settlement was reached with an insurance claimant which equates to $.52 for each dollar of claims paid or to be paid by the insurance claimant. The insurance claimant in this case has paid its policyholders approximately $500 million with respect to settling claims for the Eaton Fire.

SCE has recently informed the Administrator of another subrogation settlement was negotiated earlier this year. While no specifics have been publicly disclosed, SCE CEO Pedro Pizarro stated on a recent earnings call that the two subrogation settlements average 55 cents on the dollar.

As such, SCE has provided the Administrator with written notice, as required in the Procedures, informing the Administrator that SCE estimates it will pay more than $750 million in the aggregate for third party claims resulting from the Eaton Fire.

The Administrator has been proactively working with SCE to review the claims administration steps as described in the Procedures. The Administrator and Sedgwick have been meeting with SCE regularly to discuss the processes of claims settlement, data collection, and document sharing. Sedgwick has shared their comprehensive file selection criteria and their process of reviewing both Threshold and Eligible Claims. SCE is in the process of sharing claim settlement data for claims settled through the WRCP and is also performing an audit of the subrogation claims submitted through the settlements mentioned above.

SCE anticipates that payments for subrogation claims and the WRCP will exceed the $1billion threshold in Q3 2026. The Administrator, Sedgwick, and SCE have been working together to coordinate advanced payments to SCE through the Liquidity Support Program (LSP). The LSP encourages SCE to enter into early and reasonable settlements without creating liquidity concerns for SCE or requiring them to borrow funds at a higher cost than the Fund can provide, where those higher costs are ultimately supported by rate payers. SCE will coordinate a weekly payment schedule with Sedgwick who will track and reconcile payments, and the Administrator will facilitate weekly LSP payments to SCE.

## Next Steps

The Administrator will continue to work with PG&E and SCE to review their respective claims using the statutory Reasonable Business Judgement standard, to conclusion. The Administrator will also continue to provide updates to the Council as frequently as requested, so that the Council can fulfill its statutory duty to oversee the Administrator's work.

August 6, 2026

**Item Name:** California Wildfire Fund Quarterly Wildfire Certification Q2 2026

**Recommended Action:** Information Only

---

## Introduction

**Quarterly Wildfire Certification – Q2 2026**
California Wildfire Fund Quarterly Wildfire Certification outlining the Administrator's review of claims for Reasonable Business Judgement for the 2019 Kincade Fire and 2021 Dixie Fire.

California Public Utilities Code Section 3281 defines the duties that the Administrator shall carry out, subject to the oversight of the Council. Among those duties is the review and approval of claims and settlements, and to provide funds to the participating utilities for the purposes of paying eligible claims. This Quarterly Wildfire Certification Memorandum details the Administrator's review of claims submitted for reimbursement, for both the Dixie Fire and Kincade Fire, specific to those claims meeting the Reasonable Business Judgement standard as outlined in the Procedures.

## Covered Wildfire – Dixie Wildfire

The Dixie Fire ignited in a remote area in Plumas County, California on July 13, 2021. Containment efforts were not successful given the remoteness and inaccessible location of the fire.[1] The Dixie fire grew to become the largest wildfire in California history, burning over 960,000 acres and destroying 1,311 structures.[2] The Dixie fire origination was investigated by the California Department of Forestry and Fire Protection (Cal Fire) and their report concluded that the ignition resulted from a tree falling onto a PG&E distribution line. PG&E did not dispute those findings and states that numerous vegetation management patrols in this area were performed and the tree that fell was not identified as a potential factor.[1]

*Financial Overview – Dixie Fire*

PG&E continues to settle outstanding claims and as previously reported to the Council, reached the threshold claim amount, which is $1 billion, in the aggregate for a coverage year, in mid-June

[1] Application of Pacific Gas and Electric Company for Review and Recovery of Costs Associated with the 2019 Kincade Fire and 2021 Dixie Fire Under AB 1054
[2] CalFire 2021 Incident Archiver (2025). https://www.fire.ca.gov/incidents/2021/7/13/dixie-fire

2024. PG&E estimates aggregate liabilities of $2.150 billion, which equates to an exposure to the Fund of $1.150 billion. As of June 30, 2026, PG&E committed settlements total $2,081,562,726. Final settlements for the Dixie Fire may occur in 2026.

Based on the threshold claim review, and a review of eligible claims paid in June 2024 through December 2025, Sedgwick has determined that claims that are reimbursed meet the criteria for Reasonable Business Judgement for all claim and damage types submitted (see Appendix).

Sedgwick has reviewed almost 25 percent of all eligible claims for the Dixie fire. Those reviews account for approximately 60% of the total dollar value of eligible claims. Below is a summary of claims reimbursed in Q2 2026.

| Month PG&E Paid Claim | #Claims Submitted | #Claims Reviewed by SMEs | #Claims Needing Additional Support/Review | #Claims Reimbursed | Total $ Reimbursed |
|---|---|---|---|---|---|
| January 2026 | 179 | 14 | 1 | 179 | $22,050,000 |
| February 2026 | 112 | 5 | 1 | 112 | $18,643,332 |
| March 2026 | 138 | 4 | 0 | 138 | $73,972,019 |
| Total | 429 | 23 | 2 | 429 | $114,665,351 |

*All claims submitted for each time period are reviewed via the data driven statistical validation model, that looks for duplicates, outliers and anomalies. The number of claims reviewed by SMEs is determined via random sampling and the identification of outliers and anomalies.

A majority of the claims for the quarter are smoke and soot claims. Smoke and soot claims are reviewed in a 'matrix' type model, where those claims are reviewed in groups, instead of by month to month. These groups of claims are not reviewed monthly but are reviewed as a whole. In essence, many months of smoke and soot claims are compared against each other, using the same sampling methods used to review all other claims.

Reviews of all eligible claims continue, and reimbursement payments have been made to PG&E as follows:

| Eligible Claim Paid Month | Reimbursement to PG&E |
|---|---|
| June 2024 | $39,258,154 |
| July 2024 | $33,657,156 |
| August 2024 | $78,851,058 |

| | |
|---|---|
| September 2024 | $16,877,339 |
| October 2024 | $88,474,800 |
| November 2024 | $48,807,990 |
| December 2024 | $43,942,610 |
| January 2025 | $30,244,000 |
| February 2025 | $24,256,642 |
| March 2025 | $40,456,399 |
| April 2025 | $24,840,226 |
| May 2025 | $77,741,000 |
| June 2025 | $61,640,000 |
| July 2025 | $48,364,963 |
| August 2025 | $29,174,670 |
| September 2025 | $164,195,228* |
| October 2025 | $9,438,889 |
| November 2025 | $17,755,500 |
| December 2025 | $13,607,000 |
| January 2026 | $22,050,000 |
| February 2026 | $18,643,332 |
| March 2026 | $73,972,019 |
| Total | $1,006,283,975 |

*The larger payment for the Eligible Claim month of September 2025 includes the settlement of larger timber claims.

*Issues*

At the time of this report there are no known issues with respect to claims administration processes or with claims being submitted for reimbursement to the Fund.

*Strategic Considerations*

There are no strategic considerations for this review.

## Covered Wildfire – Kincade Wildfire

The Kincade Fire ignited on October 23, 2019 in Sonoma County, California, in an area known as The Geysers. Weather conditions caused this fire to spread rapidly causing widespread damage.[1] The Kincade fire burned over 77.000 acres and destroyed 374 structures.[3] Cal Fire conducted an

[3] CalFire 2019 Incident Archiver (2025). https://www.fire.ca.gov/incidents/2019/10/23/kincade-fire

investigation and issued a report concluding that the ignition resulted from a broken jumper conductor associated with PG&E equipment. PG&E did not dispute those findings.

*Financial Overview*

PG&E continues to settle outstanding claims and as previously reported to the Council, reached the threshold claim amount, which is $1 billion or more, in the aggregate for a coverage year, in February 2025. PG&E estimates aggregate liabilities of $1.325 billion. Given that PG&E had not yet emerged from bankruptcy at the time of the Kincade fire, the Fund will reimburse 40 percent of the allowed amount, which equates to an exposure to the Fund of $130 million. As of June 30, 2026, PG&E committed settlements total $1.323,402,993. Final settlements for the Kincade Fire should occur in 2026.

Based on the threshold claim review, and a review of eligible claims paid in February 2025 through December 2025, Sedgwick has determined that most claims that are reimbursed had met the criteria for Reasonable Business Judgement for all claim and damage types submitted (see Appendix). For the small number of claims that the criteria were not met (10 claims), Sedgwick has returned those claims to PG&E and has requested further explanation and documentation. For those claims, Sedgwick had requested additional documentation to support claimant additional recoveries from insurance carriers after their claims were settled with PG&E.

Sedgwick has reviewed almost 25 percent of all eligible claims for the Kincade fire. Those reviews account for approximately 60% of the total dollar value of eligible claims. Below is a summary of claims reimbursed in Q2 2026.

| Month PG&E Paid Claim | #Claims Submitted | #Claims Reviewed by SMEs | #Claims Needing Additional Support | #Claims Reimbursed | Total $ Reimbursed |
|---|---|---|---|---|---|
| January 2026 | 5 | N/A | N/A | 5 | $73,200 |
| February 2026 | 7 | 2 | 0 | 7 | $12,269,132 |
| March 2026 | 7 | N/A | N/A | 7 | $110,420 |
| Total | 19 | 2 | 0 | 19 | $12,452,752 |

*All claims submitted for each time period are reviewed via the data driven statistical validation model, that looks for duplicates, outliers and anomalies. The number of claims reviewed by SMEs is determined via random sampling and the identification of outliers and anomalies.

A majority of the claims for the quarter are smoke and soot claims. Smoke and soot claims are reviewed in a 'matrix' type model, where those claims are reviewed in groups, instead of by month to month. These groups of claims are not reviewed monthly but are reviewed as a whole. In essence, many months of smoke and soot claims are compared against each other, using the same sampling methods used to review all other claims.

Reviews of all eligible claims continue, and reimbursement payments have been made to PG&E as follows:

| Eligible Claim Paid Month | Approved Paid Amounts |
|---|---|
| February 2025 | $34,251,281 |
| March 2025 | $26,019,070 |
| April 2025 | $10,307,177 |
| May 2025 | $53,574,345 |
| June 2025 | $37,775,400 |
| July 2025 | 0 |
| August 2025 | $89,464,919 |
| September 2025 | $25,949,050 |
| October 2025 | $10,094,975 |
| November 2025 | $53,468 |
| December 2025 | $334,717 |
| January 2026 | $183,000 |
| February 2026 | $30,672,831 |
| March 2026 | $276,051 |
| Total | $318,956,283 |
| Reimbursement (Total * 40%) | $127,582,513 |

*Issues*

At the time of this report there are no known issues with respect to claims administration processes or with claims being submitted for reimbursement to the Fund. The Administrator has been working with PG&E to acquire the required documentation and/or explanation for the variances in question.

*Strategic Considerations*

There are no strategic considerations for this review.

**Application for Review and Recovery for Costs Associated with the 2019 Kincade Fire and 2021 Dixie Fire Under AB1054**

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 the electrical corporation's costs for the covered wildfire are just and reasonable. The scope of the proceeding considers issues such as:

- Was PG&E's conducted related to the ignition of the fire prudent and reasonable?
- Were there any factors beyond PGE&s control to exacerbate the costs?
- Are there costs incurred, net of insurance, to resolve third-party claims, and are those costs reasonable?
- Are there costs incurred, net of insurance, to defend and resolve claims, and are those costs reasonable?
- Are the costs incurred to repair or replace damaged utility facilities and restore service reasonable?
- Should PG&E's cost recovery proposal as set forth in the application be adopted?

CPUC's proposed decision is scheduled to be issued on November 13, 2026. PG&E has published the following distribution of aggregate claim settlements paid as of May 31, 2026.

**TABLE 6**
**AGGREGATE SETTLEMENTS PAID (AS OF MAY 31, 2026)**
**(THOUSANDS OF DOLLARS)**

| Line No. | Plaintiff Category | Kincade Fire | Dixie Fire | Both Fires |
|---|---|---|---|---|
| 1 | Public Entity Plaintiffs | $100,000 | $31,500 | $131,500 |
| 2 | Subrogation Plaintiffs | 376,331 | 217,045 | 593,376 |
| 3 | Individual Plaintiffs | 841,686 | 1,800,077 | 2,641,763 |
| 4 | Total | $1,318,016 | $2,048,622 | $3,366,639 |

On June 19, 2026, PG&E updated its request for the recovery of costs with more recent cost and expense information, particularly the additional money reimbursed from the Fund since its original application, through May 31, 2026. The costs PG&E have asked to recover in its filing[4] are as follows:

**TABLE 2**
**TOTAL WEMA COSTS (APPLICATION AND WEMA UPDATE PERIOD)**
**(THOUSANDS OF DOLLARS)**

| | | Kincade | | Dixie | | Both Fires | |
|---|---|---|---|---|---|---|---|
| Line No. | Cost Item | Application | Update Period | Application | Update Period | Application | Update Period |
| 1 | Claims Payments <$1 Billion | $1,000,000 | – | $1,000,000 | – | $2,000,000 | – |
| 2 | Insurance Reimbursements | (430,000) | – | (500,000) | $(20,000) | (930,000) | $(20,000) |
| 3 | Claims Payments >$1 Billion | 276,001 | $42,015 | 858,614 | 190,009 | 1,134,615 | 232,024 |
| 4 | Wildfire Fund Reimbursements[(a)] | (64,771) | (62,737) | (609,082) | (323,230) | (673,853) | (385,967) |
| 5 | Federal Energy Regulatory Commission (FERC) Jurisdictional Costs | (126,302) | 1,611 | (120,864) | 25,386 | (247,166) | 26,997 |
| 6 | Interest | 45,995 | 21,107 | 62,525 | 17,718 | 108,520 | 38,825 |
| 7 | *Net Claims* | $700,923 | $1,996 | $691,193 | $(110,117) | $1,392,116 | $(108,121) |
| 8 | Litigation Costs | $64,228 | $1,652 | $136,133 | $15,872 | $200,361 | $17,524 |
| 9 | FERC Jurisdictional Costs | (6,180) | (196) | (12,803) | (1,782) | (18,983) | (1,978) |
| 10 | Interest | 7,621 | 2,055 | 10,843 | 4,379 | 18,464 | 6,434 |
| 11 | *Net Litigation Costs* | $65,669 | $3,511 | $134,173 | $18,469 | $199,842 | $21,980 |
| 12 | *WEMA Balance (lines 7 and 11)* | 766,592 | 5,507 | 825,366 | (91,648) | 1,591,958 | (86,141) |
| 13 | *Total WEMA Costs Under Review (lines 4 and 12)* | $831,363 | $68,244 | $1,434,448 | $231,582 | $2,265,811 | $299,826 |

**TABLE 15**
**TOTAL CEMA COSTS AND REVENUE REQUIREMENTS**
**(THOUSANDS OF DOLLARS)**

| Line No. | Costs and Revenue Requirements | Expense | Capital |
|---|---|---|---|
| 1 | Total CEMA Costs | $245,097 | $83,982 |
| 2 | CEMA Revenue Requirement (Without Interest) | 244,890 | 70,951 |
| 3 | Interest (2019-2027)[(a)] | $55,129 | $3,037 |
| 4 | CEMA Revenue Requirement (with Interest) | $300,019 | $73,988 |

(a) The interest calculation is not updated and will be recalculated based on the adopted revenue requirement after the Final Decision of this application.

[4] https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2511001/9459/609223898

## Certification

This memorandum certifies that that all paid reimbursements processed during this period are considered to have met the Reasonable Business Judgement standard as outlined in the Procedures, based on the reviews performed as outlined in the Procedures. This certification is based on the comprehensive implementation of the Procedures by the Administrator, and Sedgwick Claim Management, the chosen third-party claims review service provider.

## Appendix

### Claim Types and Damage Types

*Claim Types*

The claim types below are typical for large fire losses, and are categorized as follows for the purposes of claim review and statistical analysis for the determination of Reasonable Business Judgement:

Subrogation Claims – insurers recovery of policy benefits paid to insureds and claimants based on an insurer's contractual rights of subrogation of their policyholders' rights of recovery. All subrogation claims against PG&E from the Dixie Fire have been settled. These settlements fall within the historical range of insurer negotiated settlements, which is believed to be between 60% and 70%.

Public Entity Claims – government bodies seeking reimbursement for costs associated with a Covered Wildfire, to include fire suppression, mitigation, evacuation management, infrastructure and other damages.

Individual Claims – includes all other claims, and considers underinsured and uninsured claims, for both businesses and individuals. With large wildfires, these claims include a large number of smoke and ash claims.

Larger Claims – with respect to the Dixie Fire, several timber companies presented claims against PG&E, to include a claim against PG&E for $225 million for destroyed timber, mill damage, and forest losses.[5] With respect to the Kincade Fire, large wineries were damaged or destroyed and submitted claims to PG&E.

*Damage Types*

The damage types below are typical for large fire losses, and are categorized as follows for the purposes of claim review and statistical analysis for the determination of Reasonable Business Judgement:

Real Property – to include damage to any structure types and land.

[5] Natalie Hanson, "Landowners sue PG&E, claiming $225 million loss in catastrophic Dixie Fire", *Courthouse News Service,* April 11, 2024. https://www.courthousenews.com/landowners-sue-pge-claiming-225-million-loss-in-catastrophic-dixie-fire/?utm

Loss of Use – the costs for not being able to use your property as designed, or the additional living expenses incurred as a result of the fire.

Personal Property/Business Property – typically all belongings that are not permanently attached to a home or building, also known as 'contents'.

Crops/Trees – any crops from personal or commercial farming, any trees.

Personal Injury, wrongful death – to include non-economic losses that may consist of pain and suffering, emotional distress or mental anguish, loss of enjoyment of life, loss of companionship or relationship, permanent injury, loss of quality of life.

Attorney Fees – compensation paid to attorney for legal services provided.

August 6, 2026

**Item Name:** Operationalizing the SB 254 Account

**Recommended Action:** Early Council Input Before Administrator Issues Formal Notice

---

## Executive Summary

The Administrator plans to initiate the statutory funding process for the SB 254 Continuation Account (Account)[1]. Before taking that step, the Administrator is briefing the Council on how this piece of the Wildfire Fund framework works, why this approach makes sense, and the strategic advantages of early action. The goal is to have the financing structure authorized and in place before it is needed, instead of assembled under pressure after an event.

This step is being contemplated against the backdrop of the SB 254 Study Report submitted to the Governor and Legislature on April 7, 2026, which set out a range of policy options for consideration. The report describes the Account as a stopgap awaiting a more durable solution; the Administrator's approach here operates within that interim framework pending further legislative action.[1]

## Continuation Account Funding Mechanism

SB 254 added Chapter 4 (Public Utilities Code section 3298 et seq.) to sustain the Wildfire Fund framework beyond the original AB 1054 fund by establishing the Continuation Account. Section 3299.1 gives the Administrator two independent, alternative bases for determining that additional contributions are required and initiating the funding process:

- Solvency trigger (section 3299.1(a)(1)) based on the Fund's overall financial trajectory and a determination that, absent additional contributions, the Fund would require a wind-up plan under section 3283. This path does not depend on a wildfire event.

- Wildfire-notification trigger (section 3299.1(a)(2)) initiated when an IOU notifies the Administrator that it reasonably expects eligible claims from a covered wildfire.

The Administrator intends to act on the solvency trigger, meaning no wildfire event is required as a predicate. Notice provided under this trigger opens the door for the capital structure by requiring the CPUC

---

[1] SB 254 refers to the Account as the "continuation account." Because this memorandum is focused on the statutory provisions relevant to operationalizing the continuation account, that term, or the defined term "Account" is used. In other documents in these meeting materials, the Account is referred to as the "SB 254 Account" to distinguish that new segregated account from the original AB 1054 Account.

to begin a rulemaking on the non-bypassable charge and granting DWR statutory authority to initiate the bond-financing framework.

## Continuation Account Capitalization and Tracks

Together, the revenue sources authorized by SB 254 establish an ultimate target capitalization framework of approximately $18 billion, split evenly between two parallel tracks:

- The Ratepayer Track ($9 billion), which is unlocked by the Administrator's section 3299.1(b) notification. DWR gains authority under Water Code section 80540(b)(2) to issue bonds for the Account in an aggregate amount up to $9 billion, backed by the nonbypassable charge authorized by the CPUC's subsequent rulemaking and conditioned on establishing an investment-grade repayment mechanism under Section 80540(d).
- The IOU Shareholder Track ($9 billion total), consisting of two distinct components:
  - Annual Contributions ($5.1 billion)*:* Once the CPUC imposes the nonbypassable charge, the three IOUs begin making mandatory annual contributions under section 3299.3(a) totaling $300 million per year from 2029 through 2045.
  - Additional Contingent Contribution ($3.9 billion): Section 3299.3(b) authorizes a further, one-time aggregate shareholder contribution.

The notice issued under the current proposal only unlocks the Ratepayer Track and triggers the timeline for the baseline annual IOU contributions. It does not reach or activate the $3.9 billion contingent layer under section 3299.3(b), which requires a separate, future determination tied strictly to actual wildfire claims exposure.

If liquidity is needed to bridge any initial timing gaps before these tracks mature, the Administrator can explore interim borrowing arrangements comparable to the Surplus Money Investment Fund (SMIF) loan utilized by the original AB 1054 fund.

## Why Act Now, Before A Wildfire Event

Under the wildfire-notification trigger, the funding process cannot begin until an IOU is already facing claims, which means the CPUC rulemaking, the nonbypassable charge, and DWR's bond authorization would all start only after a fire, on a compressed and reactive timeline, at the exact moment the market is most attentive to the Fund's exposure.

There is also a hard limit on the Administrator's own authority to act: Section 32991.1(a) allows the Administrator to make either determination – solvency-based or wildfire-notification-based – only through December 31, 2028. If neither determination is made by then, the funding mechanism lapses, and capitalizing the Account would require new legislation. Because the wildfire-notification trigger depends on an unpredictable event and an IOU coming forward on its own, the solvency trigger is the only reliable path to activating the mechanism within that window.

Acting on the solvency trigger now lets the Administrator put the CPUC ratemaking proceeding and DWR's bond authority in place in advance of need. That timing matters for financing cost and execution. A structure that is authorized and disclosed before it is needed avoids the pricing and execution risk of assembling financing under the compressed, post-event conditions that follow a wildfire. Early action here is a market-readiness step, not a signal that a draw on the Account is imminent.

## Next Steps

The Administrator is looking for a general comfort level with this approach from the Council before the Administrator formalizes the section 3299.1(a)(1) determination and sends notice to the CPUC, DWR, and the IOUs. The Administrator will also ensure that this implementation track remains closely coordinated with any emerging legislative discussions regarding the longer-term policy options outlined in the SB 254 Study Report.

CEA California Earthquake Authority — Wildfire Fund Administrator

August 6, 2026

**Item Name:** Operationalizing the SB 254 Account: Financial Administration and Liquidity Preparation

**Recommended Action:** Discussion Item

---

## Executive Summary

This memorandum provides an overview of the financing strategy being developed to support claim payments under SB 254 and summarizes proposed legislative clarifications intended to improve financing flexibility, strengthen legal certainty, and maximize claim-paying capacity.

Mr. Hanzel will provide a briefing on the preparatory work with the financing team, including DWR and STO, to be prepared to address the liquidity needs of the SB 254 Account if necessary.

## Background

Under SB 254, funding sources for the wildfire account are scheduled to begin at different times:

- Investor-Owned Utility (IOU) contributions are expected to commence in **December 2029**.
- Non-Bypassable Charges (NBCs) are expected to commence in **January 2036**.

As a result, if a **covered wildfire** occurs before sufficient revenues have accumulated in the account, funding claims may require the issuance of debt secured by future revenue streams. Such financing would allow claims to be paid promptly while future contributions and NBC revenues are collected over time.

## Financing Planning Efforts

To prepare for this contingency, CEA has assembled a financing team consisting of representatives from:

- Department of Water Resources (DWR)
- State Treasurer's Office (STO)
- DWR's Municipal Advisor
- Bond Counsel
- Disclosure Counsel

The team has been evaluating potential financing approaches with a focus on:

- Developing viable financing structures
- Assessing issuance timing considerations
- Identifying opportunities to maximize claim-paying capacity
- Recommending legislative amendments to support future financings

## SB 254 Legislative Cleanup Proposals

The financing team has developed a series of proposed statutory revisions designed to improve clarity and increase the likelihood of receiving an unqualified opinion from legal counsel for future bond issuances. These revisions are intended to enhance market acceptance and financing flexibility.

**1. Leveraging Future IOU Contributions**

The proposal would clarify that future IOU contributions may be pledged to support financing a covered wildfire. This change would provide an additional source of collateral.

**2. Expanded Bonding Authority**

The proposal would explicitly authorize the Wildfire Fund Administrator to issue bonds secured by IOU contributions and clarify financing authority in the following circumstances:

- Bonds supported solely by NBC revenues
- Bonds supported solely by IOU contributions
- Bonds supported by a combination of NBC revenues and IOU contributions

These revisions are intended to provide flexibility in structuring financings based on market conditions and funding needs at the time of issuance.

**3. Separation of SB 254 and AB 1054 Assets**

The proposed amendments would clarify that:

- Assets held under SB 254 are separate and distinct from assets established under AB 1054.
- NBC revenues dedicated to the SB 254 account constitute a separate and distinct revenue stream.

This clarification is expected to strengthen the legal framework supporting future financings and provide greater certainty to investors and rating agencies.

## Conclusion

The financing team's work is focused on ensuring that sufficient capital can be accessed in the event of a covered wildfire before revenues have fully accumulated in the SB 254 account. The proposed legislative revisions would enhance financing flexibility, improve legal clarity, and support the ability to issue bonds backed by future revenue streams, thereby strengthening the program's capacity to pay claims when needed.

Management will continue to work with DWR, the State Treasurer's Office, and financing advisors to refine financing strategies and advance the proposed legislative changes.

August 6, 2026

**Item Name:** Bagley-Keene Open Meeting Act Compliance and Closed Sessions

**Recommended Action:** Direction on engaging the Legislature to potentially expand the Council's closed session authority

---

## Executive Summary

The Council holds vital oversight responsibilities regarding CEA's activities as Administrator of the Wildfire Fund, including the Administrator's evaluation of IOU eligible claims submitted to the Fund. The processes by which IOUs resolve claims with wildfire claimants, however, are governed by strict statutory, contractual, and evidentiary confidentiality rules that the Council's authorizing statutes do not address.

Neither Assembly Bill 1054, Assembly Bill 111 (2019), nor SB 254 (2025) established closed session authorization allowing closed session review of confidential claims-related infomration under the Bagley-Keene Open Meeting Act (Bagley-Keene). Bagley-Keene permits closed sessions only for a narrow set of enumerated statutory purposes, none of which reaches this type of confidential third-party claims data. Nor did either bill establish a corresponding exemption under the California Public Records Act (CPRA). As a result, the Council cannot legally discuss individual, non-aggregated claim settlements in closed session while reviewing them in open session would trigger an involuntary waiver of privilege. Until the Legislature acts, Council deliberations and Administrator reporting must remain at the level of process and aggregate data. This creates obvious challenges for the Council to fully undertake its claims-administration oversight responsibilities, to the frustration of both the Administrator and the Council.

This gap is not a new observation. Prior counsel's memorandum, provided to the Council in September 2025, set out these constraints in detail, and the Administrator acknowledges and shares the Council's frustration. That frustration is understandable: the Council is being asked to exercise real oversight over the Wildfire Fund without the closed session authority needed to do so in a setting that matches the confidentiality attached to the data. To address the gap, the Administrator seeks the Council's direction on whether to engage the Legislature on a potential expansion of the Council's closed-session authority to empower more meaningful oversight of this core function.

## Existing Confidentiality Constraints

The resolution of third-party wildfire claims by IOUs sits inside a layered set of legal protections, and each one independently limits how much claim-specific detail can be shared in a public setting.

- **Mediation and Settlement Protection:** Individual settlements and the mediation proceedings that produce them are protected under California law, which is designed to encourage candid, efficient resolution between utilities and wildfire victims.

- **Privilege and Work Product:** Separately, the liability assessments, exposure analyses, and legal strategy documents that IOU counsel prepares are shielded by attorney-client privilege and the work product doctrine.

- **Contractual Terms (Survivor Protection):** Executed settlement agreements typically carry their own contractual confidentiality clauses that bind the parties directly. This is vital to protecting the privacy interests of wildfire survivors during and after the IOUs' claims resolution process.

The Administrator and Sedgwick occupy a distinct position within this framework: both are expressly authorized to review detailed, unredacted settlement information in order to evaluate claims for reimbursement, consistent with the standard arrangement under which IOUs share settlement data with traditional excess insurers. That authorized operational access is narrow by design. It does not waive the underlying privileges, and it does not create authority for the Administrator to pass that same information along to the public or to the full Council.

## Gaps in Bagley-Keene and CPRA

Neither the 2019 Wildfire Legislation nor SB 254 included the procedural mechanism needed to review individual claim details securely. Bagley-Keene requires that all deliberations of a state body take place in public and permits closed session only under the narrow exceptions set out in Government Code section 11126. (For Council members' reference, this is a link to the 2026 Attorney General's Bagley-Keene Open Meeting Act Guide.) The exceptions are principally personnel matters, pending or anticipated litigation involving the Council itself, real property negotiations, and threats to public security or critical infrastructure – none of which includes a third party's confidential settlement data, mediation record, or privileged liability analysis.

Because the Legislature has not extended these exceptions to cover the Council's oversight relationship with IOU claims administration, reviewing unaggregated or privileged claim details in closed session would violate the Act, while reviewing them in open session would trigger an involuntary waiver of privilege – exposing the Wildfire Fund and its partners to significant legal liability either way.

## Potential Solutions

Should the Council support pursuing a legislative fix, the Administrator recommends two targeted amendments for inclusion alongside any future legislation addressing the Wildfire Fund:

1. An amendment to Bagley-Keene giving the Council express authority to meet in closed session when reviewing confidential, proprietary, or privileged claims administration data.

2. A corresponding exemption under the CPRA to protect that same claim-level data from public disclosure requests once it reaches the Council.

Both would meaningfully strengthen the Council's oversight capacity while protecting the interests of wildfire survivors, CEA, and the IOUs. But their inclusion in any enacted legislation is not guaranteed.

## Balancing Transparency and Compliance in the Interim

Until those fixes are enacted, the Administrator recognizes that both the Council and CEA are operating in the space between a public transparency mandate and firm legal and contractual obligations that must be preserved and respected.

Council discussions, presentations, and updates will accordingly stay focused on high-level administrative process, structural oversight frameworks, and aggregated outcomes – total funds disbursed, macro trends in claims processing timelines, and similar measures – rather than individual claim detail. Within those bounds, the Administrator remains committed to expanding the depth of reporting to the Council on claims administration matters, increasing visibility into oversight milestones without crossing the statutory lines described above.

August 6, 2026

**Item Name:** Articles of Governance

**Recommended Action:** Discussion Item

---

## Articles of Governance Updates

Mr. Welsh will engage the Council on the potential to refresh the 2019 Articles of Governance in light of changes to the structure of the Wildfire Fund under SB 254 (2025).

There are two main categories of revisions to consider:

1. **SB 254-Related Updates:** The Articles were drafted around the original Wildfire Fund structure and predate SB 254's creation of the Continuation Account. The Council's enumerated duties speak only to the Wildfire Fund generally, leaving unaddressed how oversight, investment authority, and reporting obligations extend to the Continuation Account specifically (referred to as the SB 254 Account in these materials). At a minimum, statutory citations in the Articles' recitals should be updated to reflect the new Government Code and Public Utilities Code sections added by SB 254.

2. **Process/Mechanics Issues:** The Articles also have several structural gaps in Council oversight that predate SB 254. There is no provision establishing how the Chair and Vice Chair are selected, for what term, or how successors are chosen. The Articles are also silent on the scope of the vice chair role, how agenda-setting authority is governed, what voting procedures apply beyond the bare statutory quorum requirement, or whether the Chair has delegated authority to act on time-sensitive matters between full Council meetings under exigent circumstances.

CEA seeks Council engagement on these, and any other issues that will facilitate the Council's robust and transparent oversight of the administration of the Wildfire Fund.

August 6, 2026

**Item Name:** Enterprise Risk Management Program

**Recommended Action:** Discussion Item

## Executive Summary

The overall enterprise risk profile remains stable relative to the prior reporting period, with no material changes to risk ratings or risk appetite alignment. Key risks continue to be actively managed within established thresholds, and mitigation strategies are operating as intended.

**CEA's Enterprise Risk Management team continues to monitor the risk landscape which remains stable, with no material shifts observed and continued focus on monitoring and managing key risks.**

While no significant new risks have emerged, management continues to monitor the external environment—including regulatory, economic, and operational developments—for potential impacts. Ongoing focus areas include execution of existing mitigation plans, strengthening controls in targeted areas, and ensuring readiness for emerging risks.

ERM will continue to provide proactive oversight and report any meaningful changes to the risk landscape.

## Risk Reporting

The scorecard for this reporting period is presented below and provides the status of each priority risk. The column named Residual Risk Score indicates the current risk status after controls have been applied.

| Risk Name | Description | Inherent Risk Score | Control Effectiveness | Residual Risk Score |
|---|---|---|---|---|
| Wildfire Modeling | Distorted or incorrect view of Wildfire Fund durability due to invalid, inaccurate, or outdated | High | Strong | Medium |

| Risk Name | Description | Inherent Risk Score | Control Effectiveness | Residual Risk Score |
|---|---|---|---|---|
| | methods or assumptions in external or internal wildfire models | | | |
| Workforce | Adverse impacts to the administration of the Wildfire Fund that occur due to a workforce issue or constraint at CEA | Medium | Strong | Low |
| Mitigation | Durability of the Wildfire Fund is dependent on successful mitigation activities which are outside the direct control of CEA as the Wildfire Fund Administrator but that must be monitored | Medium | Medium | Medium |
| Risk Transfer | Reasonably priced risk transfer products for wildfire cover are not available when needed | Medium | Strong | Low |
| Reputation | Public's loss of confidence in CEA as Administrator of the Wildfire Fund or loss of confidence in the ability of the Wildfire Fund to meet its objectives | High | Strong | Medium |
| Legislative/ Regulatory | Legislative, regulatory, or political actions that materially change the Wildfire Fund, the Administrator's or Council's roles and/or ability to fulfill its current obligations or mission | High | Strong | Medium |
| Legal | Harm to the Wildfire Fund resulting from (a) disputes with third parties, (b) regulatory/legislative enforcement actions, and/or (c) compliance lapses | Medium | Strong | Low |

| Risk Name | Description | Inherent Risk Score | Control Effectiveness | Residual Risk Score |
|---|---|---|---|---|
| Investments | Losses to the Wildfire Fund due to failure to adhere to established investment guidelines and/or performance objectives not achieved | Medium | Strong | Low |
| Information Security | Losses due to unauthorized access, use, disclosure, disruption, modification, inspection, recording or destruction of information and/or accessibility of IT systems | Medium | Strong | Low |
| Financial Reporting | Inaccurate financial accounting or reporting or inadequate controls that result in a material error in published financial statements | Medium | Strong | Low |
| Claims Management | Issues, conflicts, or delays arising from or associated with IOU claims management | Medium | Medium | Medium |
| Business Continuity | Loss of business systems causing limited or delayed continuity of the California Wildfire Fund essential business functions | Medium | Medium | Medium |

Priority Risks remained stable throughout Q2 2026, supported by targeted controls such as the AI Policy, cyber insurance, SOC 2 Type 2 certification, and strengthened by strong governance, disciplined financial management, and continuous improvements to security, compliance, and operational readiness. The following sections highlight several priority risks.

**SB 254 (2025)**

The initial assessment and reporting on SB 254 identified two key risks – execution risk and reputational risk. With the successful delivery of the report, execution risk no longer remains. Reputational risk continues to be monitored.

Since the last reporting period, we have observed a decrease in public-facing messaging critical of CEA and, more specifically, the organization's work on the SB 254 study. This decrease coincides with the forward motion of the legislative process. Criticism peaked during the period when the California State Assembly and Senate were in fact-finding and legislation-drafting mode. This was also when CEA's involvement was most visible as leadership made frequent public appearances before various committees to help lawmakers interpret the findings of the SB 254 report. As debate has shifted from how to create legislative solutions for the problems highlighted in the Natural Catastrophe Resiliency Study, to whether those legislative solutions being contemplated are appropriate, partisans have largely shifted their attention to the process and to the perceived virtues or flaws of proposed laws themselves, away from the study that informed them.

At this point, we have reverted to a more typical pattern of CEA's reputational risk management regime. Should the SB 254 Study, and by extension CEA as author of the Study, come back under intense scrutiny, we will provide an update to this report.

Developments related to the SB 254 report will be closely monitored for impact on the Fund.

## Claims Management

As previously reported, there are currently no issues, conflicts or delays associated with IOU claims management for the three covered wildfires in process - October 2019 Kincade Fire, July 2021 Dixie Fire and January 2025 Eaton Fire.

## Mitigation

The Office of Energy Infrastructure Safety (Energy Safety) issued its decision approving Southern California Edison's (SCE) petition to amend its previously approved 2026-2028 Base Wildfire Mitigation Plan (WMP).

SCE made three requests that Energy Safety approved:

1. to reduce its undergrounding targets for each year 2026 – 2028 to ensure that its WMP targets are consistent with the reduced funding authorized in the recent General Rate Case (GRC) decision;
2. to increase its covered conductor target for each of the same years, to ensure that the WMP targets are consistent with the funding authorized and risk reduction expectations established in the GRC decision; and
3. to remove all references to the Disability Disaster Access Resources (DDAR) program because the program is being discontinued and will no longer exist in its 2026-2028 Base WMP or future WMPs.

## Information Security

The Information Security team is implementing a new Governance, Risk, and Compliance platform which will significantly enhance our operational security maturity. Infosec's efforts in the areas of operational security and governance have improved not only the security of the organization, but our ability to prove the organization's confidentiality, integrity, and availability through the most rigorous industry-standard audit practices.

## Risk and Compliance Committee

In Q2 the Internal Audit team reviewed the Agency Staff Recruitment process which determined minor changes needed.

The Risk and Compliance Committee delivered its annual report to the ERM Committee which detailed the successes of the past twelve months as well as its upcoming focus for the next reporting period including continued compliance monitoring for training and policy readings.

August 6, 2026

**Item Name:** Annual Administrator Evaluation

**Recommended Action:** Discussion Item

---

Council Member Bryan Cash will give an overview of the process used for the Council's annual evaluation of the CEA's performance as Administrator of the Wildfire Fund during 2025. Mr. Welsh will present the results of the Council's annual evaluation.

The attached performance review contains the anonymized, and aggregated comments from all council members. CEA appreciates the positive comments and takes seriously the suggestions for improvement. CEA is deeply committed to operational excellence and continuous improvement. CEA's team appreciates the Council's confidence in CEA's ability to perform as Administrator of the Fund, and will look for additional ways, including those suggestions included in the attached comments, to continue to progress in our role as the Wildfire Fund Administrator.

# Wildfire Administrator Performance Rating 2025

| Member 1 | |
|---|---|
| Leadership & Culture | 5.0 |
| Financial Leadership | 5.0 |
| Strategic Development | 5.0 |
| Council Relations | 5.0 |
| Council Governance & Compliance | 4.0 |
| Claim Administration | 5.0 |
| Enterprise Risk Management | 5.0 |
| Stakeholder Engagement | 5.0 |
| Overall Evaluation | 5.0 |
| Total | 4.9 |

| Member 2 | |
|---|---|
| Leadership & Culture | 5.0 |
| Financial Leadership | 5.0 |
| Strategic Development | 5.0 |
| Council Relations | 5.0 |
| Council Governance & Compliance | 5.0 |
| Claim Administration | 5.0 |
| Enterprise Risk Management | 5.0 |
| Stakeholder Engagement | 4.0 |
| Overall Evaluation | 5.0 |
| Total | 4.9 |

| Member 3 | |
|---|---|
| Leadership & Culture | 4.0 |
| Financial Leadership | 5.0 |
| Strategic Development | 4.0 |
| Council Relations | 4.0 |
| Council Governance & Compliance | 5.0 |
| Claim Administration | 4.0 |
| Enterprise Risk Management | 5.0 |
| Stakeholder Engagement | 4.0 |
| Overall Evaluation | 5.0 |
| Total | 4.4 |

| Member 4 | |
|---|---|
| Leadership & Culture | 5.0 |
| Financial Leadership | 5.0 |
| Strategic Development | 4.0 |
| Council Relations | 5.0 |
| Council Governance & Compliance | 5.0 |
| Claim Administration | 5.0 |
| Enterprise Risk Management | 5.0 |
| Stakeholder Engagement | 5.0 |
| Overall Evaluation | 5.0 |
| Total | 4.9 |

| Member 6 | |
|---|---|
| Leadership & Culture | 3.0 |
| Financial Leadership | 5.0 |
| Strategic Development | 3.0 |
| Council Relations | 3.0 |
| Council Governance & Compliance | 3.0 |
| Claim Administration | 2.0 |
| Enterprise Risk Management | 3.0 |
| Stakeholder Engagement | 3.0 |
| Overall Evaluation | 3.0 |
| Total | 3.1 |

| Member 7 | |
|---|---|
| Leadership & Culture | 4.0 |
| Financial Leadership | 4.0 |
| Strategic Development | 4.0 |
| Council Relations | 3.0 |
| Council Governance & Compliance | 4.0 |
| Claim Administration | 4.0 |
| Enterprise Risk Management | 4.0 |
| Stakeholder Engagement | 3.0 |
| Overall Evaluation | 4.0 |
| Total | 3.8 |

| Member 8 | |
|---|---|
| Leadership & Culture | 3.0 |
| Financial Leadership | 5.0 |
| Strategic Development | 4.0 |
| Council Relations | 4.0 |
| Council Governance & Compliance | 5.0 |
| Claim Administration | 4.0 |
| Enterprise Risk Management | 5.0 |
| Stakeholder Engagement | 5.0 |
| Overall Evaluation | 4.0 |
| Total | 4.3 |

| Member 9 | |
|---|---|
| Leadership & Culture | 5.0 |
| Financial Leadership | 5.0 |
| Strategic Development | 5.0 |
| Council Relations | 5.0 |
| Council Governance & Compliance | 5.0 |
| Claim Administration | 5.0 |
| Enterprise Risk Management | 5.0 |
| Stakeholder Engagement | 5.0 |
| Overall Evaluation | 5.0 |
| Total | 5.0 |

| Member 5 | |
|---|---|
| Leadership & Culture | 4.0 |
| Financial Leadership | 5.0 |
| Strategic Development | 5.0 |
| Council Relations | 4.0 |
| Council Governance & Compliance | 5.0 |
| Claim Administration | 3.0 |
| Enterprise Risk Management | 4.0 |
| Stakeholder Engagement | 4.0 |
| Overall Evaluation | 4.0 |
| Total | 4.2 |

| Overall Score (Average) | |
|---|---|
| Leadership & Culture | 4.3 |
| Financial Leadership | 4.9 |
| Strategic Development | 4.3 |
| Council Relations | 4.3 |
| Council Governance & Compliance | 4.5 |
| Claim Administration | 4.3 |
| Enterprise Risk Management | 4.6 |
| Stakeholder Engagement | 4.3 |
| Overall Evaluation | 4.5 |
| Total | 4.4 |

## Wildfire Administrator Performance Rating 2025

### Leadership and Culture

- New leadership has shown impeccable judgement. There were so many challenges, and the team definitely rose to the occasion.
- Appreciate all the work that leadership and staff put in over the last year managing the effect on the fund of the LA Fires and then producing the SB 254 assessment required by the Legislature with such a short timeframe.
- Writing the SB 254 report required the Administrator to play a distinctly different role from managing the Wildfire Fund. The Administrator tried to make that distinction in interactions with stakeholders and CCRC members while preparing the report, but it wasn't entirely successful on everyone's part. That created some unnecessary tensions for the Administrator's work on the fund.
- "The CEA works to ensure that the right people are in place to carry out the Council's strategic direction for the Wildfire Fund. This has included both work done by contractors and work done by CEA staff.

  The CEA has developed a program for diversity, inclusion, and belonging.

  However, due to subsequent areas in this annual assessment falling short of full satisfaction of the Council, this area is downgraded.

- Regarding "earning and maintaining respect of employees, stakeholders, and the Council": members of the public are an important stakeholder of the Council and the Administrator. Trust/respect with the public may have diminished this year, reflected by public comment at the October and May meetings pointing out bias in favor of the IOUs over community recovery.

  Did the Council receive an update this year on matters of diversity, inclusion, and belonging?"

<u>**Areas of focus:**</u>

- Clarify how the Administrator will separate and communicate its statutory-report role from day-to-day Wildfire Fund management to reduce stakeholder confusion and tension.
- Rebuild public trust and address perceptions of bias favoring IOUs over community recovery, as reflected in public comment this year.
- Provide the Council with a periodic update on the status and progress of the diversity, inclusion, and belonging program.

### Financial Leadership

- I was especially impressed with the finance team's ability to launch the liquidity program for the Eaton Fire, a program to alleviate delay in claimant payments. It took flexibility and foresight to make it work. Investments continue to be aptly managed.
- Appreciate leadership and staff's ability to react to new situations and modify investments accordingly.
- The CEA deploys sound investment policies with appropriate input and oversight from the Council to ensure safe investment of capital. Through its relationships with investment managers for the CEA, it has been able to ensure that there are consistently sound investment policies for the Wildfire Fund, working to balance yield and safety for the Fund.

  The Council remains in constant dialogue about financial reports and planning in its public meetings, and it receives sufficient and clear information about financial progress and results. The CEA works to develop opportunities for member input on reinsurance, investments, and other financial matters. The Fund has not yet obtained reinsurance, but the CEA has performed the cost benefit analysis to assist the Council in the decision on whether to purchase reinsurance of other risk transfer mechanisms.

The CEA consistently reports and receives approval for the annual budget. It is appreciated seeing how much progress the CEA has achieved in addressing the DWR administrative costs over the years.

- Not a critique, but a question - What is the status on annual financial operations audits? I was not able to quickly confirm through my notes that these have been reported on each year. What is the standard month the Council should expect to hear about the audit each year?
  Financial Leadership continues to be a very strong feature of the Administrator, year over year.

**<u>Areas of Focus:</u>**

- Establish and communicate a standard annual schedule for reporting on financial operations audits so the Council knows when to expect results each year.

| Strategic Development |
| --- |

- Handling the big report was a hard pivot which was executed with the best intentions and laudable results.
- Appreciated all of the work done by leadership and staff to address the issue of large out of state investors trying to take advantage of fire victims and to extract money from the wildfire fund.
- The CEA's work on the SB 254 Report raised significant concerns regarding the CEA's strategic development and execution. Although significant planning, resources, and staffing were dedicated to this entire months-long effort, it appears that the CEA was neither fully prepared nor fully equipped to handle the entire statutory responsibility when external expectations by all stakeholders, aggressive timeline, and adequate Council communication, among other issues, were taken into account.

  As a result, the CEA was late in publishing the report, the report was not distributed to the Council with enough time for comment on it, and the CEA failed to balance expectations in how its options would ultimately be portrayed in the report, leading to diminished reputation among several key stakeholders, several policymakers, and several less than satisfied Council members (not to mention a handful of the members on the Report's Executive Steering Committee).

- Understandably, strategic direction has not been the highest priority to report out to the Council over the past year. That said, the Administrator has brought forward appropriate discussions at the appropriate time. I do look forward to future discussions about the role of the Council to better address the "Anticipates future needs of the Council" portion of this Strategic Development area.

**<u>Areas of Focus:</u>**

- Build in sufficient lead time for Council review and comment before any report is finalized and sent to external parties.
- Strengthen forward-looking strategic planning and bring more regular discussions to the Council on anticipating its future needs.

| Council Relations |
| --- |

- The last 18 months have been the first real test for the fund administrator and I feel that they rose to the challenge and kept the board and other entities informed as issues arose and input was needed.
- Improvements this year in giving the Council an understanding of claims processing so the Council can have confidence it's conducting informed oversight. In the past, staff seemed reluctant to give the Council what it wanted and didn't seem sufficiently sensitive to why the Council was asking. That's improved.
- Generally, the CEA does a capable job of communicating with the Council on items to be discussed during council meetings and issues arising between the Council meetings. The CEA provides individual briefs for Council members prior to each Council Meeting. The CEA also shares required draft legislative reports to the Council for its review in advance of finalizing them.

Due to Council member concerns around the SB 254 Report process/engagement and ongoing council governance issues raised in this annual assessment, this area is downgraded.

- The discussion and involvement of the Council on the SB 254 report could have been better handled. The lack of an opportunity for the Council to hear about / view the report prior to it being sent to the Legislature, undercuts, if not throws into question the role of the Council.
- Trust between the Council and the Administrator took a hit during the generation of the SB254 study report, even those who were a part of the process did not see their inputs fully reflected in the recommendations.

**Areas of Focus:**

- Create a structured opportunity for the Council to review and weigh in on major reports before they are finalized and sent externally.
- Rebuild trust with Council members.
- Continue improving transparency with the Council on claims processing to sustain confidence in oversight.

**Council Governance and Compliance**

- We need a general counsel hire.
- Appreciated leadership's ability to keep the meetings focused on issues that we have the statutory authority to address. Setting clear boundaries was important and if it had not been done could have led to mission creep and some false hope for fire victims from uncovered wildfires.
- The CEA ensures proper governance of the Council consistent with state laws, especially Council meeting compliance with the Bagley Keene Open Meeting Act and Form 700 annual reporting.

  It is encouraged that the Council, in partnership with the Administrator, create a recurring agenda item at each council meeting that indicates previous requests from Council members made during open public meetings for follow-ups like agenda items, presentations at subsequent council meetings, briefings in between council meetings, and requests for additional information, among others. At times, it feels like follow-up on these items may not be (purposely) done, may not be done in a timely way, may need multiple requests/reminders by several Council members at multiple council meetings, and/or may be done but there is an assumption by Administrator staff that the Council itself keeps track of their own individual member requests.

  We should also revisit the 2019 Articles of Governance to ensure it is accurate given seven years have gone by.

  Lastly, there appears to be tension among some Council members regarding real/perceived conflicts of interest and, honestly, it might need to be discussed further in closed session.

**Areas of Focus:**

- Establish a recurring agenda item and/or tracking system for outstanding Council member requests and follow-ups so nothing relies on informal memory.
- Update the 2019 Articles of Governance to ensure they remain accurate.
- Address perceived conflicts of interest among Council members, potentially through discussion in closed session.

**Claim Administration**

- George has stepped up nicely in his role, flexing his capability.
- Claims executive keeps us informed as claims started coming in and on how he was working with the outside entity to manage and review claims from the covered fires.

- Claims administration seems to check these boxes, but the Council can only base this on what staff tells us. Continuing education and in-depth reports about claims processing will continue to give the Council greater confidence.
- During past meetings of the Council, the Clams facilitator has been unable to answer questions or is simply not up to speed on overall issues. This is somewhat concerning as the Claims facilitator should strive to be informed on primary as well as secondary issues or topics that potentially or directly impact the fund. As well, some anticipation on potential Council questions would be helpful. There are many stakeholders and jurisdictional players that are inter-related to the workings of the fund and the Claims facilitator needs to be somewhat oriented to issues and secondary actions that could impact or effect the fund. The re-occurring answer that "I don't know" is not sufficient.
- The CEA has contracted with outside partners and staff to develop claims settlement procedures and settlement procedures with the utilities. It works closely with the utilities to conduct claims audits and endeavor to have timely settlements with the utilities, while overseeing third party claims administrators to ensure their billing is not excessive.

  The procedures established have enabled the Fund to settle the vast majority of the claims other than the claims for the most recent fires, yet independent verification is needed to ensure if these claims have been judiciously settled and are fair in payment. In fact, several Council members have questioned and requested follow-up in several council meetings on the legal "Reasonable Business Judgment" standard, even recommending a closed session on this important oversight matter. Although Administrator staff continue to convey that utilities endeavor to ensure their claims procedures, processes, and programs are "just and reasonable" and "fair" with a deference to the judgment of the participating utility, the Council needs full independent confidence/verification that that is indeed so. In addition, how many claims are denied by the participating utility?
- The Council needs a way to have additional insight into the claims paying process to fully evaluate this area.

**Areas of Focus:**

- Ensure staff are consistently prepared to answer Council questions on both primary and secondary claims issues.
- Provide independent verification of the "Reasonable Business Judgment" standard applied to utility claims settlements, including data on claim denial rates.
- Increase Council visibility into the claims-paying process to support fuller oversight.

### Enterprise Risk Management

- Cyber - Concerned about third party cyber vulnerabilities.
- The CEA has developed an Enterprise Risk Management system, and it reports to the Council at each Council meeting. However, given the various areas in this annual assessment that fall short of full satisfaction/expectations by the Council, a strategic question arises on how truly accurate the Administrator's ERM analysis can be to properly and adequately prepare for and address multiple risks that are immediate and that are on the horizon, especially for reputational risk.

**Areas of Focus:**

- Address third-party cyber vulnerability risks.
- Strengthen the ERM analysis to better capture reputational risk, particularly given this year's challenges.

### Stakeholder Engagement

- It was a tough year and leadership did a good job of keeping the communication lines open between government agencies and outside entities. Additional info on the progress of the SB 254 report may have been helpful in deterring some of the issues expressed by board members at the last meeting.
- There's no reason to think that stakeholder engagement isn't good since the Council (or at least this Council member) rarely hears from stakeholders, either in public comments or privately. Nonetheless,

we don't hear much from the Administrator about its engagement with stakeholders. Perhaps a periodic report on stakeholder engagement would be useful to highlight important matters.

- As evidenced in the development of the SB254 report, the need for the Fund Administrator to have engagement and build bridges with stakeholders is important. This interaction builds enhanced situational awareness on relevant or timely issues. Continued engagement with organizations like Cal OES, Cal Fire and OEIS is important.

  The CEA endeavors to engage with elected officials and their staff along with various governmental entities.

  The CEA has worked closely to have effective engagement with participating utilities. This has increased communication around utility claims settlement and settlement between the Fund and the utilities.

  With respect to the final outcome of the SB 254 report, the CEA did not effectively engage and fully communicate with all stakeholders on its final report product (e.g. pros and cons not majorly exhibited for the most contentious options contained in the report), especially participating insurers and consumer groups, as indicated in other areas of this annual assessment as well. Although it is recognized by all that the report was a very challenging (if not impossible) undertaking from the very beginning, there are certainly some additional steps that could have been taken, guidance provided by Council members that should have been heeded, and further updated communication provided in order to more capably manage expectations.

**<u>Areas of Focus:</u>**

- Develop a periodic report to the Council on stakeholder engagement activities.
- Improve communication with all stakeholder groups, including insurers and consumer groups.

**Overall Evaluation**

- Kudos for all of the hard work put in over the last 18 months. Really appreciate the thoughtful leadership and steady hands at the wheel.
- The most important thing for the Administrator to do is to pay claims promptly and in appropriate amounts. Now that we've paid on several fires and are preparing for the Eaton fire, the Administrator seems to be doing an excellent job carrying out this fundamental responsibility.
- The CEA does an excellent job maintaining the integrity of the Wildfire Fund and financial leadership/management of its resources. However, there is significant room for improvement and re-establishing itself with the Council and key stakeholders in other aspects of its work, as described above.
- The strength of the Administrator and the Council have been significantly tested this year following the 2025 fires, specifically once Eaton became a Covered Wildfire. The Administrator was well-prepared to respond to Eaton and has been navigating that catastrophe with professionalism and sound judgement. The addition of the SB-254 study this year was handled as well as could be expected but overloaded the team as a whole and several key players.

August 6, 2026

**Item Name:** Proposed 2027 Meeting Schedule

**Recommended Action:** Discuss 2027 California Catastrophe Response Council Meeting Schedule

## Proposed 2027 Meeting Dates

For planning purposes, CEA staff recommends that the California Catastrophe Response Council plan to hold regular quarterly meetings in 2027, starting at 1:00 p.m. on the following Thursdays:

- February 4, 2027
- May 6, 2027
- August 5, 2027
- November 4, 2027

Please note that these proposed dates are for planning purposes only.  The final meeting dates may change due to unforeseen circumstances. All notices of Council meetings will be issued in compliance with the Bagley-Keene Open Meeting Act, and those public notices will constitute the legally required notice of meetings.