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Notice Publication Date: January 26, 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: February 5, 2026

TIME: 1:00 p.m.

LOCATION: CalPERS – Feckner Auditorium, Lincoln Plaza North
400 P Street, Sacramento, CA 95811

TELECONFERENCE ACCESS:

By Computer (Open the Zoom* App, or navigate to www.zoom.com):

Enter Meeting ID: 878 6450 9007

Direct Link: <https://us02web.zoom.us/j/87864509007>

By Phone: 1 (669) 900-6833

Enter Meeting ID: 878 6450 9007

* 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 persons 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:

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

AGENDA

1. **Quorum:** Call to order, and establishment of a quorum.
2. **Minutes (Action):** Review and approve the minutes of the October 30, 2025, meeting of the Council.
3. **Administrator Evaluation (Action):** CEA Chief Executive Officer Tom Welsh will ask the Council to appoint one CCRC member to review the 2025 Wildfire Fund evaluation form to be distributed to members.
4. **Proposed 2026 Budget (Action):** CEA Chief Financial Officer Tom Hanzel will seek approval of the proposed 2026 California Wildfire Fund Budget.
5. **Administrator's Operational Reports (Information):** CEA Executive Staff will provide a report on the following:
 - A. Claims Administration Update: Kincade Fire; Dixie Fire; Eaton Fire
 - B. Financial Report
 - C. Enterprise Risk Management
6. **SB 254 (Information):** Mr. Welsh and SB 254 Research Study Director Dr. Laurie Johnson will provide an update and facilitate a discussion of the SB 254 (2025) Study.
7. **Public Comment:** 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.
8. **Adjournment.**

California Catastrophe Response Council Memorandum

February 5, 2026

Agenda Item 2: Meeting Minutes

Recommended Action: Approve Minutes of October 30, 2025 Meeting

Attached are draft minutes of the California Catastrophe Response Council (Council) meeting held on October 30, 2025. 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 October 30, 2025 meeting.

California Catastrophe Response Council

MEETING MINUTES

Date: October 30, 2025

Time: 2:00 p.m.

Location: California Department of Food and Agriculture, Main Auditorium, 1220 N Street, Sacramento, CA 95814

1. Quorum: Call to order and member roll call

Chair Ghilarducci called the meeting to order at 2:03 PM.

Ms. Johnson called roll and confirmed a quorum.

Roll Call

Council Member	Attendance
Governor - Designee Mark Ghilarducci	In Person
Treasurer - Designee Khaim Morton	Remotely (via Zoom)
Insurance Commissioner - Designee Michael Martinez	In Person
Secretary of Natural Resources - Designee Bryan Cash	In Person
Tracy Van Houten	In Person
Kathleen Ritzman	Remotely (via Zoom)
Rhoda Rossman	In Person
Paul Rosenstiel	Remotely (via Zoom)
Catherine Barna	In Person

Council 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), Suman Tatapudy (General Counsel), Susan Johnson (Governance Liaison).

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

Chair Ghilarducci outlined public comment procedures and reminded Council members not to discuss non-agenda items.

2. Minutes (Action): Review and Approve Minutes of July 24, 2025, Meeting

The draft minutes from the July 24, 2025, meeting were reviewed.

Motion: Ms. Van Houten moved to approve the minutes; Mr. Cash seconded.

No public comment was received.

Outcome: Motion passed by unanimous roll call vote.

3. Executive Report (Information): CEA Executive Staff will provide a report and lead a Council discussion on Wildfire Fund administration activities, with focus on:

A. The January 7, 2025, Eaton Fire.

Chief Executive Officer Tom Welsh outlined the severity of the January 2025 wildfires, the Wildfire Fund's role in recovery, and the respective responsibilities of CEA, the Participating Utilities, and the Council.

- The Eaton fire burned 14,000 acres, destroyed over 9,000 structures, caused 19 fatalities, and was contained on January 31, 2025.
- CEA coordinated with Southern California Edison (SCE) before knowing whether the fire would be deemed a covered wildfire.
- SCE notified CEA in mid-September that statutory requirements for a covered wildfire were met; CEA reviewed the information and agreed in writing after reviewing the documentation from SCE.
- The statutory trigger to deem the Eaton Fire a “covered wildfire” has occurred and CEA is now fully in response mode, working with SCE.

B. SB 254 – Overview of Key Provisions.

Presented by Mr. Welsh.

- The scale of the January 2025 fires, especially the Eaton fire, drew market attention and led to SB 254's development through collaboration among legislators, the governor's office, and stakeholders.
- SB 254 includes several significant provisions affecting the Wildfire Fund. At passage, it was unclear whether the Eaton fire would be a covered wildfire and draw on the fund's roughly \$21 billion in existing claim-paying resources; legislators acted based on concerns about long-term Fund capacity.
- The key provisions of SB 254 that impact the Fund and the Administrator were reviewed, including an overview of the new Continuation Account,

“Right of First Refusal for Subrogation Offers,” Reporting Consolidation, and the Natural Catastrophe Resiliency Study (next sub-section).

C. The SB 254 Natural Catastrophe Resiliency Study.

Presented by Mr. Welsh and Dr. Laurie Johnson (consultant, Research Study Director).

- SB 254 assigns CEA to conduct a Natural Catastrophe Resiliency Study examining insurance markets, utility stability, and statewide preparedness, with an April 1, 2026 deadline.
- A description was provided of the plan for a collaborative, whole-of-government approach supported by state agencies and entities.
- A detailed overview was provided of the legislative directive to evaluate and recommend models or approaches that could complement or replace the Wildfire Fund, which will include recommendations to accelerate recovery, mitigate damage, and equitably allocate burdens from natural catastrophes.
- An overview of the timeline and study team organizational structure was provided.
- It was acknowledged that Council Members would have dual roles – as members of the Council acting as a collective organization and as individuals or representatives of a state agency – and the need to carefully manage council-wide contributions was addressed. The tentative February 5 meeting is anticipated to provide a substantive opportunity for the Council to review progress.
- Council members were invited to share interest areas, availability, and engagement preferences and affirmed adherence to Bagley-Keene requirements.

4. Southern California Edison (Information): Representatives of Southern California Edison will present on its Wildfire Recovery Compensation Program in response to the Eaton Fire.

Ms. Van Houten, a resident of Altadena, recused herself as she may be a potential claimant.

SCE’s General Counsel Jennifer Hasbrook and Director of Corporate Risk Management Matt Dwyer outlined SCE’s voluntary Wildfire Recovery Compensation Program (WRCP) which was announced in July and launched on October 29th. Council Members engaged in discussion and asked SCE questions concerning the WRCP.

5. Claims Administration (Information & Action):

A. Claims Administration Updates: Mr. Sittner will provide an update on the status of covered wildfires that have resulted in or are anticipated to result in

eligible claims. Update on the status of covered wildfires resulting in or anticipated to result in eligible claims.

Presented by Chief Insurance and Claims Officer George Sittner.

Dixie Fire

- PG&E reached the \$1 billion paid-claims threshold in June 2024.
- As of October 6, PG&E had paid over \$1.85B and committed \$1.902B against a \$2.125B estimate (a \$223M variance), with monthly settlements continuing and moving closer to the estimate.
- Anticipated that claims from this fire are nearing completion.

Kincade Fire

- PG&E reached the \$1 billion threshold in February 2025.
- A \$48M difference remains between committed settlements and the estimate.
- Anticipated that claims from this fire are nearing completion.

CEA has directed PG&E to file its application with the Public Utilities Commission to begin its catastrophic wildfire proceeding(s) for both the Dixie and Kincade fires. The proceeding will assess whether PG&E must reimburse the fund. It is unknown how long this proceeding may take; staff will continue to monitor and provide updates to the Council.

Eaton Fire

- The Eaton Fire is now considered a “covered wildfire.”
- SCE has disclosed a subrogation settlement at 52 cents on the dollar with an insurance carrier (not a financial intermediary) that paid its policyholders ~\$500M to settle claims for the Eaton fire; the settlement is paid by the utility, counts toward early payments, and Wildfire Fund reimbursements will only begin after the \$1 billion threshold is reached.

Staff have reviewed documentation provided by SCE on its WRCP. Based on its review, including demonstrations and discussions with SCE and analysis by staff together with the Administrator’s third-party claim services provider and within the limited timeframe available, staff have reached the preliminary conclusion that, if the WRCP, as designed, is appropriately applied and faithfully implemented, the resulting settlements with claimants who elect to participate in the WRCP should satisfy the statutory requirement that settlements result from SCE’s exercise of reasonable business judgment. The Administrator will review all settlements generated under the WRCP to ensure that they are implemented in strict accordance with the WRCP’s established criteria in accordance with the Fund’s Claims Administration Procedures.

B. Claims Data Reporting and Council Oversight of Claims Administration: Chief Insurance & Claims Officer George Sittner and representatives of Sedgwick will lead a Council discussion on claims administration functions.

Presented by Sedgewick Project manager Casey Hart and Vice President of Claims Data Science Antonio Figaro.

Key Highlights:

- Sedgwick has operated in claims review mode since April 2024 for Dixie, Kincade, and Eaton.
- An overview was provided of early program challenges in coordinating data standards, unifying data management, implementing technology and statistical methods to ensure consistent interpretation of data fields and secure, standardized transmission, and balancing data needs with claimant privacy.
- Identified efficient review of very large wildfire events as a key challenge and described Sedgwick's inferential statistical approach. This has produced representative samples under 20-25% of claims while, combined with outlier reviews, providing direct dollar coverage over 60% with high statistical confidence.

Mr. Sittner stated that the hope is by the next Council Meeting to deliver a formal presentation with a comprehensive report by wildfire, including visual dashboards, and invited council suggestions on what information would best support oversight. Council members expressed that they are comfortable proceeding with the recommended quarterly reporting schedule unless concerns arise after reviewing the reporting package. They noted they may later request additional detail, specificity, or more frequent updates.

C. Proposed Amendments to the Wildfire Fund Claims Administration Procedures: Mr. Sittner and Chief Financial Officer Tom Hanzel will present proposed amendments to the Procedures related to:

- i. Participating Utility Wildfire Claim Compensation Programs; and
- ii. Participating Utility Liquidity Support Program.

Chief Insurance and Claims Officer George Sittner and Chief Financial Officer Tom Hanzel provided an overview of the proposed amendments.

Motion: Ms. Van Houten moved to approve the proposed amendments; Ms. Rossman seconded.

Public Comment:

- Andrew Wessels (Strategy Director, Eaton Fire Survivors Network)
- Joy Chen (Executive Director, Eaton Fire Survivors Network; former Deputy Mayor of Los Angeles)

- Krista Copeland (Collaborator with Eaton Fire Survivors Network)

Outcome: Motion passed by unanimous roll call vote.

Chair Ghilarducci stepped away at 4:30; Mr. Martinez took over as Acting Chair

6. Financial Report (Information): Mr. Hanzel will provide the Council with a financial report on the Wildfire Fund as of September 30, 2025.

Presented by Chief Financial Officer Tom Hanzel.

- Net position: approximately \$13.1 billion, up a little over \$1 billion from the prior year.
- Main revenue drivers: ~\$900M in non-bypassable charges, ~\$300M in IOU payments, ~\$440M in net investment income.
- Offsets: ~\$605M in claim payments for Dixie and Kincade; ~\$8M in operating expenses.
- Loss and LAE Reserves: ~\$530M total.
- Claim-paying capacity for Eaton exceeds \$21B; overall capacity remains above \$21B with expected growth.
- Year-to-date non-bypassable charges: ~\$664M.
- Investment portfolio: AA rating, ~\$13.7B market value, 1.5-year duration, increasing Treasury allocation, near-term liquidity held in Treasuries. Income return net of fees ~3.14%.
- Liquidity: ~\$8.5B maturing within six months; ~\$500M over the following six months; monitoring opportunities to sell longer-dated securities without losses.
- Debt issuance preparations underway with relevant state partners and advisers, aiming to enable faster issuance by 2026.

7. Budget Revision (Action): Mr. Hanzel will present for approval revisions to the 2025 Wildfire Fund Budget related to the SB 254 Natural Catastrophe Resiliency Study, and other administration items.

Presented by Chief Financial Officer Tom Hanzel.

- Total budget increase approx.. \$141 million. The increase is due to the following:
- Significant uptick in reimbursement requests from PG&E related to eligible claims from the Dixie and Kincade fires. The increase will cause CEA to pay out an additional \$138 million of loss claims to PG&E in fiscal year 2025.
- Personnel expenses allocated from CEA to CWF are projected to increase by \$325k based upon the additional work related to SB 254 as well as increased claims management related to covered wildfires.
- Other Contracted Services are expected to increase by \$555k due to increased spend related to the covered wildfires.

- Staff expect CWF to incur expenses of \$2.75 million related to consultants, contractors, and outside legal from the SB 254 Study for the remainder of fiscal year 2025.

Motion: Mr. Cash moved to approve the revised budget; Ms. Barna seconded.

No public comment was received.

Outcome: Motion passed by unanimous roll call vote.

8. Enterprise Risk Management (Information): CEA Chief Risk and Actuarial Officer Shawna Ackerman will report on CEA's Enterprise Risk Management program.

Presented by Chief Risk and Actuarial Officer Shawna Ackerman. Ms. Ackerman referred the Council to the written ERM memo and offered to forgo a verbal report.

9. Proposed 2026 Meeting Schedule (Information): Discussion of preliminary dates for 2025 Council meetings.

Council members and staff discussed preliminary dates for 2026 meetings. A request was made to send out electronic calendar holds for proposed 2026 meeting dates, noting they could be adjusted later.

10. Public Comment: 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.

Acting Chair Martinez opened general public comment and explained that comments on non-agenda items could not be deliberated.

No public comment was received.

11. Adjournment.

Acting Chair Mr. Martinez adjourned the meeting at 5:03 PM.

California Catastrophe Response Council Memorandum

February 5, 2026

Agenda Item 3: Administrator Evaluation

Recommended Action: Appoint Council Member to Review 2025 Wildfire Fund Evaluation Form

CEA Chief Executive Officer Tom Welsh will ask one member of the Council to volunteer to work with CEA staff on the review of the 2025 Wildfire Fund Evaluation Form to be distributed to members to assess CEA's performance during 2025. For reference purposes, the following table lists the Council members who have volunteered to participate in the review process in prior performance periods.

Performance Year	Council Member(s) Leading Performance Evaluation
2024	Tracy van Houten (Appointee of Assembly Speaker Robert Rivas)
2023	Khaim Morton (Designee of Treasurer Fiona Ma)
2022	Rhoda Rossman (Appointee of Governor Newsom) Juan Fernandez (Designee of Treasurer Fiona Ma)
2021	Rich Gordon (Designee of Speaker Rendon) Paul Rosenstiel (Appointee of Governor Newsom)
2020	Catherine Barna (Appointee of Governor Newsom) Paul Rosenstiel (Appointee of Governor Newsom)

California Catastrophe Response Council Memorandum

February 5, 2026

Agenda Item 4: Proposed 2026 Budget

Recommended Action: Approve the Proposed CWF 2026 Budget and Direct Staff to Operate CWF Business Operations within the Total Approved Budget Amounts

Background:

Since inception, CEA has been able to utilize its existing resources to undertake and perform all its Administrator responsibilities and has avoided adding permanent staffing. This is the sixth submission of an annual CWF budget to the California Catastrophe Response Council ("CCRC") for approval. The staff of the CEA will perform the following procedures on the final Council approved budget for fiscal year 2026¹:

- After each month-end close, the staff of the CEA will compare actual additions and deductions to budgeted additions and deductions, document variances and send the comparisons to the Controller and CFO for approval.
- In mid-August 2026, the finance budget team will update the consolidated budget projections with the most recent data provided from the departments' monthly projection schedules. After the mid-year budget revision is approved by the CFO, the finance budget team will prepare the mid-year budget revision Council memo and supporting documents. All budget augmentations (increases) must be approved by the CCRC. If the mid-year budget revision does not increase the total budget, the budget revision will be presented to the Council without a request for approval.
- At each quarterly CCRC meeting, the staff of the CEA will present the budget to actual comparisons for each of the line items included in the Council approved budget.

Note: Related to the Eaton fire, staff have only budgeted for CEA staff hours. Given the uncertainty regarding when SCE will submit the first Eaton claims and magnitude of

¹ The CWF fiscal year is the calendar year.

those claims to the CWF, CEA staff have not adjusted the budget related to investment income, claims paid, and third-party expenses (e.g. Sedgwick).

Analysis:

Staff have prepared Attachment A to assist the CCRC in comparing and analyzing the proposed 2026 budget for the Wildfire Fund. This attachment shows the following:

- Proposed 2026 CWF Budget
- Actual activity for CWF for the Year Ended 2025
- Difference between the 2026 CWF proposed budget to the actual activity for the year ended December 31, 2025
- 2025 CCRC approved budget

Recommendation:

Staff recommends the following Council actions:

- Approve the proposed 2026 CWF budget; and
- Direct staff to operate CWF business operations within the total approved budget amounts.

California Wildfire Fund
2026 Proposed Budget vs 2025 Actual Activity

	A	B	A - B		Approved 2025 Budget
	Proposed 2026 Budget	Actual Activity for the Year Ended December 31, 2025	Difference		
Additions to fund assets:					
Rate payer monthly NBCs, net	\$ 904,181,800	\$ 924,841,023	\$ (20,659,223)	\$ 920,615,301	
Utility annual contributions	300,000,000	300,000,000	-	300,000,000	
Investment income (net of expenses)	488,186,741	428,163,555	60,023,186	414,690,648	
Total additions to fund assets	\$ 1,692,368,541	\$ 1,653,004,578	\$ 39,363,963	\$ 1,635,305,949	
Deductions to fund assets:					
Wildfire paid claims	\$ 243,246,269	\$ 793,075,025	\$ (549,828,756)	\$ 783,740,161	
<i>Personnel expenses:</i>					
Personnel expenses - allocated from CEA	2,127,227	1,043,279	1,083,948	1,188,000	
<i>General and administrative expenses:</i>					
Wildfire Fund durability initiatives	-	4,506,745	(4,506,745)	4,537,175	
SB 254 study	4,225,519	1,355,101	2,870,418	2,750,000	
Other contracted services	510,000	1,217,671	(707,671)	1,595,300	
Direct legal services-general	165,000	123,654	41,346	127,500	
Financial services consulting	312,879	298,462	14,417	306,940	
Bank fees	327,721	301,800	25,921	299,763	
G&A expenses - allocated from CEA	803,876	683,101	120,775	630,614	
Travel	24,680	-	24,680	16,500	
Software and licenses	600	142	458	900	
Direct IT services	1,000	-	1,000	1,000	
Audit Fees	4,000	4,000	-	4,000	
Printing & stationary	4,800	1,291	3,509	500	
Council meeting expenses	3,000	1,381	1,619	3,750	
Total general and administrative expenses	6,383,075	8,493,348	(2,110,273)	10,273,942	
Total deductions to fund assets	\$ 251,756,571	\$ 802,611,652	\$ (550,855,081)	\$ 795,202,103	
<i>Change in unrealized gain/(loss)</i>	-	***	365,291,696	(365,291,696)	-
Increase/(decrease) in net position	\$ 1,440,611,970	\$ 1,215,684,622	\$ 224,927,348	\$ 840,103,846	

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

** _ Based on PG&E reporting, CEA reserved a total balance of \$1.075 billion related to the Dixie Fire and \$130mm related to the Kincade fire. CEA began paying claims in Sept'24 and the total claims paid in 2024 and 2025 = \$961,753,731.

*** _ The change in unrealized gain/(loss) is not budgeted for CWF

California Catastrophe Response Council Memorandum

February 5, 2026

Agenda Item 5: Administrator's Operational Reports

Recommended Action: Information Only

CEA Executive Staff will provide a report on the following:

- A. Claims Administration Update: Kincade Fire; Dixie Fire; Eaton Fire
- B. Financial Report
- C. Enterprise Risk Management

California Catastrophe Response Council Memorandum

February 5, 2026

Agenda Item 5A: Claims Administration Update

Recommended Action: Information Only

Background

The California Catastrophe Response Council (Council) adopted amendments to the *Wildfire Fund Claims Administration Procedures (Procedures)* on May 4, 2023. 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.

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 September 30, 2025 reports aggregate liabilities of \$1.325 billion and \$2.125 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 17 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 September 30, 2025 reports approximately 300 lawsuits are currently pending against Edison International (SCE's parent company), representing approximately 4,500 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

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.

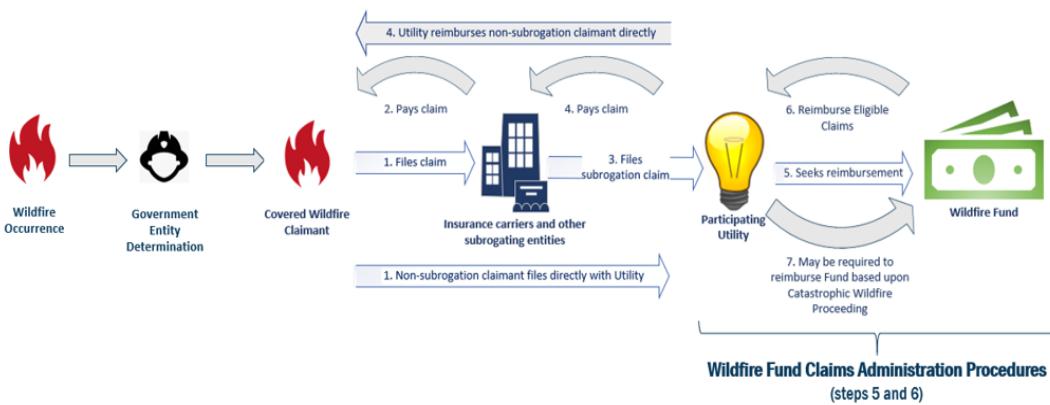


Figure 1. Illustration of the process of handling claims arising from Covered Wildfires

Kincade Fire and Dixie Fire – see the attached California Wildfire Fund Quarterly Wildfire Certification Memorandum

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 the July 24, 2025, California Catastrophe Response Council meeting materials. The WRCP was launched to the public on October 29, 2025. As of January 15, 2026, WRCP activity is as follows:

- 1984 claims submitted
- 133 offers extended totaling \$55.4 million
- 33 claims payments made, consisting of 55 individual payments
- 25% of claims submitted by plaintiffs' attorneys
- Mix of claims: 865 total loss, 855 non-burn damage, and 99 partial loss

The Administrator expects and anticipates ongoing communication with Edison 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 Edison'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.

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.

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.



Quarterly Wildfire Certification

Wildfire: Dixie Wildfire, Kincade Wildfire

IOU: Pacific Gas & Electric

Reporting Period: Claims reimbursed in Q4 2025

January 15, 2026

Introduction

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 Fire

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

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>



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 2024. PG&E estimates aggregate liabilities of \$2.125 billion, which equates to an exposure to the Fund of \$1.125 billion. As of December, 31, 2025, PG&E committed settlements total \$2,042,729,875. 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 September 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 percent of the total dollar value of eligible claims. Below is a summary of claims reimbursed in Q4 2025.

Month PG&E Paid Claim	#Claims Submitted	#Claims Reviewed by SMEs*	#Claims Needing Additional Support	#Claims Reimbursed	Total \$ Reimbursed
July	89	19	1	89	\$48,364,963
August	87	18	2	87	\$29,174,670
September	402	106	1	402	\$164,195,228
Total	578	143	4	578	\$241,734,861

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

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



**Wildfire Fund
Administrator**

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*
Total	\$850,817,235

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

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

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 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.

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



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 December 31, 2025, PG&E committed settlements total \$1.319,902,993. 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 September 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 16 percent of all eligible claims for the Kincade fire. Those reviews account for approximately 72 percent of the total dollar value of eligible claims. Below is a summary of claims reimbursed in Q4 2026.

Month PG&E Paid Claim	#Claims Submitted	#Claims Reviewed by SME*	#Claims Needing Additional Support	#Claims Approved	Total \$ Paid by PG&E	Total \$ Reimbursed (40% of paid)
July**	0	0	0	0	0	0
August	10	5	0	10	\$89,464,919	\$35,785,968
September	636	86	0	636	\$25,949,050	\$10,379,620
Total	646	91	0	646	\$115,413,969	\$46,165,588

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



**The July submission was comprised of a large batch of smoke and ash related claims. That submission was removed and was added to the September submission, as more clarity was required for the review.

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
Total	\$277,341,242
Reimbursement (Total * 40%)	\$110,936,496

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.

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 conduct 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

Certification

This memorandum certifies 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.⁴ With respect to the Kincade Fire, large wineries were damaged or destroyed and submitted claims to PG&E.

Damage Types

⁴ 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>



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.

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.



California Catastrophe Response Council Memorandum

February 5, 2026

Agenda Item 5B: Financial Report

Recommended Action: Information Only

CEA Chief Financial Officer Tom Hanzel will provide the California Catastrophe Response Council with a financial report on the Wildfire Fund as of December 31, 2025, and 2024.



FINANCIAL REPORT

December 31, 2025

Financial Report Table of Contents

	Page
Financial Statements	
Balance Sheets as of December 31, 2025 and 2024	1
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Contributions Received	
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Investment Analysis as of December 31, 2025 and 2024	5 - 6

Financial Statements

California Wildfire Fund
Balance Sheets

UNAUDITED

	December 31, 2025	December 31, 2024
Assets		
Cash and investments:		
Cash and cash equivalents	\$ 7,506,750,080	\$ 478,679,326
Investments	<u>6,554,197,012</u>	<u>12,379,364,117</u>
Total cash and investments	14,060,947,092	12,858,043,443
Interest receivable	39,231,421	90,049,130
Prepaid expense	<u>197,500</u>	-
Total assets	\$ 14,100,376,013	\$ 12,948,092,573
Liabilities and Net Position		
Loss and loss adjustment expense reserves	\$ 243,246,269	\$ 706,321,294
Securities payable	10,474,379	74,793,715
Accounts payable and accrued expenses	2,558,371	1,629,100
Related party payable - CEA	<u>211,656</u>	<u>222,773</u>
Total liabilities	<u>256,490,675</u>	<u>782,966,882</u>
Net position:		
Restricted for CWF	<u>13,843,885,338</u>	<u>12,165,125,691</u>
Total net position	<u>13,843,885,338</u>	<u>12,165,125,691</u>
Total liabilities and net position	<u>\$ 14,100,376,013</u>	<u>\$ 12,948,092,573</u>

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

UNAUDITED

	Year Ended December 31, 2025	Year Ended December 31, 2024
Additions to fund assets:		
Rate payer monthly NBCs	\$ 924,841,023	\$ 889,304,019
Utility contributions	<u>300,000,000</u>	<u>300,000,000</u>
Total contributions	1,224,841,023	1,189,304,019
Investment income & expenses	428,163,555	324,055,995
Change in unrealized gain/(loss)	<u>365,291,696</u>	<u>25,508,584</u>
Net investment income/(loss)	793,455,251	349,564,579
Total additions to fund assets	<u>2,018,296,274</u>	<u>1,538,868,598</u>
Deductions to fund assets:		
Loss and loss adjustment expenses	330,000,000	275,000,000
General and administrative expenses	8,493,348	2,384,964
Personnel expenses	<u>1,043,279</u>	<u>336,457</u>
Total deductions to fund assets	<u>339,536,627</u>	<u>277,721,421</u>
Increase/(decrease) in net position	1,678,759,647	1,261,147,177
Net position, beginning of year	<u>12,165,125,691</u>	<u>10,903,978,514</u>
Net position, end of period	<u>\$ 13,843,885,338</u>	<u>\$ 12,165,125,691</u>

California Wildfire Fund

Cost Allocation Methodology and Calculation for the Years Ended December 31, 2025 and 2024
12/31/2025

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 employee's hourly rate + the predetermined burden rate to come up with the direct labor charge for the CWF for the Years Ended December 31, 2025 and 2024.

Department	Year Ended Dec'25		Year Ended Dec'24		CWF Salary & Benefit costs =	Dec'25	Dec'24
	Hours	Salaries & Benefits	Hours	Salaries & Benefits			
1. Comms	692.5	56,017	319.8	24,899		927,779 A	318,099
2. Exec	1,824.9	307,568	127.8	32,189		24,331,062 B	26,340,222
3. Finance	1,223.0	234,741	1,024.5	117,179		25,258,840 C	26,658,320
4. IT	-	-	-	-			
5. Internal Ops	93.5	9,533	129.3	12,099			
6. Insurance Ops	638.3	120,366	202.5	40,386			
7. Legal	863.3	199,553	752.1	91,347			
Total Direct Hours/Costs	5,335.4	927,779	2,555.8	318,099			

All other indirect costs, except for Clearwater charges, were allocated to the CWF based on the 3.67% and 1.19% 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 remaining indirect expenses noted below were charged to the CWF using the allocation percentages noted above.

Account Name	Acct #	Amount	Amount
Rent-Office and Parking	86400-16	15,619	7,897
Rent-Office Equip/Furniture	86450-16	610	204
Building Maintenance and Repairs	86475-16	171	93
Furniture/Equipment <\$5000	86500-16	265	97
EDP Hardware <5000	86505-16	3,617	5,295
EDP Software <5000	86506-16	77,775	28,557
Office Supplies	86510-16	947	221
Postage	86530-16	343	61
HR and IT staff allocation	85101-16	114,158	26,246
GASB 68 Pension Expense	85141-16	1,342	(7,888)
Telecommunications	86550-16	10,168	4,333
Insurance Expense	86600-16	24,778	8,410
Other Administration Services	88175-16	2,739	795
Direct Investment Technology Support	89805-16	547,360	504,660
Total Indirect Costs		799,892	578,981
Total Costs		1,727,671	897,080

Contributions & NBCs Received

**California Wildfire Fund
Contributions & NBCs Received
As of December 31, 2025**

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	<u>300,000,000</u>
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	<u>924,841,023</u>
Total SMIF Loan Activity & NBCs Received		4,694,275,492
Total Funds Received & Reimbursed		<u><u>\$ 14,294,275,492</u></u>

* - The legislation required that the CWF be initially capitalized in the form of a short-term \$2 billion loan from the Treasurer's Surplus Money Investment Fund (SMIF). Starting in December 2020, the CWF started making monthly principal payments of \$70 million, with the final payment occurring in April 2023. Additionally, the loan carried an interest rate of 2.35% which was paid on outstanding balances.

** - NBC funds received by CWF are net of DWR administrative and operating expenses (A&O). For fiscal year 2025, the DWR incurred \$3.8mm of A&O expenses and retained \$2.1mm of funds in the DWR Charge Fund to pay future A&O expenses.

Investment Analysis

California Wildfire Fund
CWF Portfolio Overview
12/31/2025

December 31, 2025

The CWF's total portfolio market value for December 2025 was \$14.06 billion with an average duration of 1.36 years and average credit ratings of "AA+".

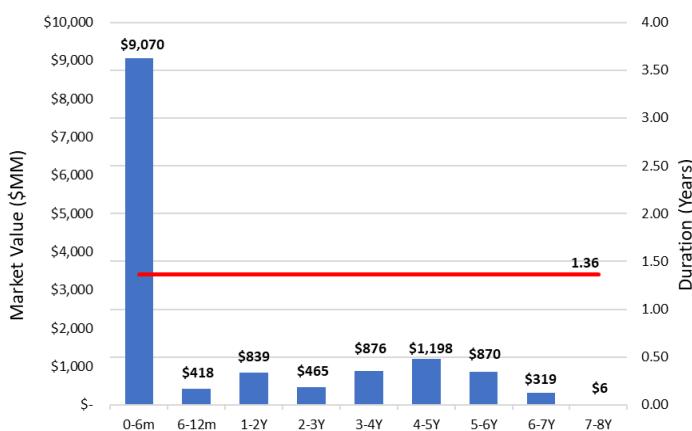
CWF Investment Portfolio as of December 31, 2025				
Sector	Value (\$MM)	% of Portfolio	Avg Credit Rating	Duration (Yrs)
U.S. Treasury	\$ 10,080	71.7%	AA+	0.98
U.S. Agency & Supranational	463	3.3%	AA+	3.03
Corporates	2,747	19.5%	A+	2.83
U.S. TSY MMF & Cash	771	5.5%	AAA	0.00
Total	\$ 14,061	100.0%	AA+	1.36

December 31, 2024

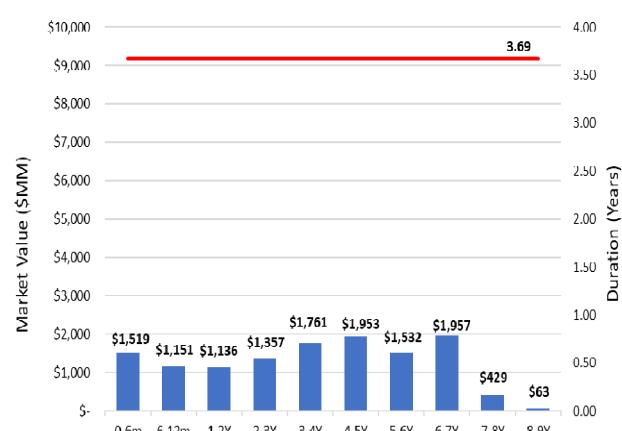
The CWF's total portfolio market value for December 2024 was \$12.86 billion with an average duration of 3.69 years and average credit ratings of "AA".

CWF Investment Portfolio as of December 31, 2024				
Sector	Value (\$MM)	% of Portfolio	Avg Credit Rating	Duration (Yrs)
U.S. Treasury	\$ 7,033	54.7%	AA+	3.94
U.S. Agency & Supranational	1,117	8.7%	AA+	2.40
Corporates	4,260	33.1%	A+	3.70
U.S. TSY MMF & Cash	448	3.5%	AAA	0.00
Total	\$ 12,858	100.0%	AA	3.69

CWF Maturity Distribution: December 31, 2025



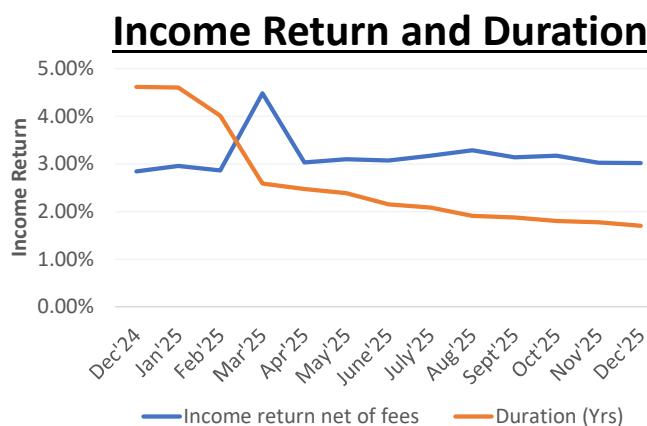
CWF Maturity Distribution: December 31, 2024



California Wildfire Fund
Portfolio 12-Month History
12/31/2025

CWF Investment Portfolio Overview													
	Dec'24	Jan'25	Feb'25	Mar'25	Apr'25	May'25	June'25	July'25	Aug'25	Sept'25	Oct'25	Nov'25	Dec'25
Total Portfolio													
Market Value - Cash & Investments (\$MM)	\$12,858	\$12,835	\$12,742	\$13,205	\$13,371	\$13,311	\$13,452	\$13,573	\$13,623	\$13,742	\$13,785	\$14,009	\$14,061
Investment income (\$MM) *	30.72	32.07	30.90	48.85	33.80	34.75	34.68	36.10	37.61	36.21	36.79	35.45	35.71
Change in unrealized gain/(loss) (\$MM)	(114.58)	41.77	148.61	6.26	57.59	(34.08)	50.67	(17.35)	63.90	10.34	17.38	25.15	(4.95)
Investment management fees and bank fees (\$MM)	0.39	0.39	0.38	0.39	0.40	0.40	0.41	0.39	0.40	0.40	0.40	0.41	0.41
fees as a % of average AUM	0.0032%	0.0030%	0.0030%	0.0030%	0.0030%	0.0030%	0.0031%	0.0029%	0.0029%	0.0029%	0.0029%	0.0030%	0.0029%
Income return gross of fees	2.88%	3.00%	2.90%	4.52%	3.06%	3.14%	3.11%	3.21%	3.32%	3.18%	3.21%	3.06%	3.05%
Income return net of fees	2.84%	2.96%	2.86%	4.48%	3.03%	3.10%	3.07%	3.17%	3.28%	3.14%	3.17%	3.03%	3.02%
Yield to Maturity	4.56%	4.43%	4.09%	4.07%	4.05%	3.92%	3.99%	4.19%	3.65%	3.91%	3.61%	3.58%	3.47%
Duration (Yrs)	3.69	3.68	3.21	2.07	1.98	1.91	1.72	1.67	1.53	1.50	1.44	1.42	1.36
Portfolio Composition (%)													
TSY / AGY	66%	65%	64%	72%	72%	72%	73%	75%	75%	75%	75%	73%	75%
Corporates	33%	33%	33%	25%	24%	24%	21%	21%	21%	21%	20%	20%	20%
Cash / MMF	1%	2%	3%	3%	4%	4%	6%	4%	4%	4%	5%	7%	5%

* - 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)



California Catastrophe Response Council Memorandum

February 5, 2026

Agenda Item 5C: Enterprise Risk Management Program

Recommended Action: Information Only

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 methods or assumptions in external or internal wildfire models	● High	● Strong	● Medium
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	● High	● Strong	● Medium

Risk Name	Description	Inherent Risk Score	Control Effectiveness	Residual Risk Score
	confidence in the ability of the Wildfire Fund to meet its objectives			
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
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

SB 254 (2025)

The key risks associated with the report mandated by SB 254 (2025) due on April 1, 2026, remain: execution risk and reputational risk. As previously reported the Administrator's ability to meet the tight timeline is bolstered by the Governor's Executive Order calling for a "whole-of-government approach", the Insurance Commissioner's support and progress on the Sustainable Insurance Strategy and contributions from experts at the California Public Utilities Commission, the Office of Energy Infrastructure Safety, the Office of Emergency Services and the Department of Forestry and Fire Protection. As noted in Agenda Item 6, the Administrator has established a team of experts and is aggressively engaging with stakeholders to meet the study requirements of SB 254 (2025). The call for contributions resulted in over 60 submissions which have been posted to the CWF website for transparency. Additionally, study leaders continue to engage directly with stakeholders and interested parties with diverse perspectives.

Claims Management

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. The Administrator continues to work closely with SCE and Sedgwick to ensure that claims from the Eaton Fire are processed in accordance with the *Wildfire Fund Claims Administration Procedures*.

Mitigation¹

In November 2025, the Office of Energy Infrastructure Safety (Energy Safety) released draft approval for San Diego Gas & Electric's and PG&E's 2026-2028 Wildfire Mitigation Plans. In December it released draft approval for Southern California Edison's 2026-2028 WMP. Also in December, Energy Safety released its Safety Culture Assessment (SCA) Reports for California's nine electrical corporations. Electrical corporations are required to conduct SCAs (with a third-part facilitator) to evaluate their organizational growth toward building strong, sustainable, safety cultures.

The SCA report for PG&E recommends four key actions:

¹ Energy Safety information can be found on their website at [Energy Safety News and Updates](#)

1. Improve leadership, ownership of safety and engagement with frontline workers.
2. Expand safety tools and resources to ensure clarity and accessibility.
3. Mitigate risks of shortcuts driven by production pressures.
4. Strengthen information sharing and feedback mechanisms, especially for near misses and hazard reporting. PG&E is expected to act on these recommendations to demonstrate “good standing” for regulatory compliance and continue its journey toward a mature, proactive safety culture.

The SCA report for Southern California Edison shows they are maintaining progress toward a mature safety culture, critical for wildfire risk mitigation and regulatory compliance under SB 254. The report recommends the following:

1. Reinforce leadership accountability and frontline engagement.
2. Ensure adequate safety resources and tools are accessible.
3. Address operational pressures that risk safety shortcuts.
4. Enhance feedback loops for hazard and near-miss reporting.

The SCA report for SDG&E shows they maintain a continued commitment to safety and recommend the following:

1. Reinforce leadership accountability and frontline engagement.
2. Ensure adequate safety resources and tools are accessible.
3. Address operational pressures that risk safety shortcuts.
4. Enhance feedback loops for hazard and near-miss reporting.

Implementing the recommended actions is critical to maintain “good standing” under SB 254 and advance toward a mature, learning-oriented safety culture

IT Systems and Data Security

SOC2 recertification is well underway, and all indications are that we will be successfully renewed. Our annual Penetration Test (testing of internal and external resistance to malicious network penetration) is also complete and we are in the remediation period (retest is end of Q1 2026). The results indicate that we are managing our vulnerabilities exceptionally well and have made good progress since our last test was conducted. There were no critical findings this year, which is a strong indicator that the security footprint and technology stack are well-protected.

Risk and Compliance Committee

The Risk and Compliance Committee (RCC) continues to provide strategic oversight to ensure alignment with the organization's risk profile and regulatory obligations. During Q4, the Compliance Team successfully launched and completed Transparency Training for all staff. Looking ahead, two additional compliance training courses are scheduled for Q1 and Q2 of 2026 to further strengthen organizational compliance practices. In the past quarter, four new policies were published and assigned to staff for implementation. Additionally, the RCC has completed a review of the policy inventory and identified those requiring updates in Q1 2026. These actions reflect the Committee's ongoing commitment to proactive risk management and regulatory adherence.

California Catastrophe Response Council Memorandum

February 5, 2026

Agenda Item 6: SB 254

Recommended Action: Information Only

CEA CEO Tom Welsh and SB 254 Research Study Director Dr. Laurie Johnson will provide an update and facilitate a discussion of the SB 254 (2025) Study.