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Notice Publication Date: April 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: May 7, 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: 894 0694 7941

Direct Link: <https://us02web.zoom.us/j/89406947941>

By Phone: 1 (669) 900-6833

Enter Meeting ID: 894 0694 7941

* 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:

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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 February 5, 2026, meeting of the Council.
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.
4. **Administrator's Operational Reports (Information)**: CEA Executive Staff will report on the following:
 - A. Claims Administration Update: Kincade Fire; Dixie Fire; Eaton Fire
 - B. Enterprise Risk Management
 - C. Financial Report
5. **Proposed 2026 Budget Augmentation (Action)**: CEA Chief Financial Officer Tom Hanzel will present an update on the Wildfire Fund 2026 Budget and seek approval of augmentations to the budget.
6. **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.
7. **Adjournment**.

May 7, 2026

Item Name: Meeting Minutes

Recommended Action: Approve Minutes of February 5, 2026 Meeting

Attached are draft minutes of the California Catastrophe Response Council (Council) meeting held on February 5, 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 February 5, 2026 meeting.

California Catastrophe Response Council MEETING MINUTES

Date: February 5, 2026

Time: 1:00 p.m.

Location: CalPERS – Feckner Auditorium, Lincoln Plaza North 400 P Street, Sacramento, CA 95811 & via Zoom/Teleconference (Meeting ID: 878 6450 9007)

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

Chair Ghilarducci called the meeting to order at 1:05 p.m. Ms. Johnson called roll and confirmed a quorum.

<u>Council Member</u>	<u>Attendance</u>
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	Remotely via Zoom
Paul Rosenstiel	In person
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)

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

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

1. **Minutes (Action)**: Review and approve the minutes of the October 30, 2025, meeting of the Council.

The draft minutes from the October 30, 2025 meeting were reviewed.

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

No Public Comment was received.

Outcome: Motion passed by unanimous roll call vote.

2. **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.

Mr. Cash volunteered to work with CEA staff on the annual Administrator Evaluation.

No public comment was received.

3. **Proposed 2026 Budget (Action)**: CEA Chief Financial Officer Tom Hanzel will seek approval of the proposed 2026 California Wildfire Fund Budget.

Prior to reviewing the proposed budget, Mr. Hanzel noted that due to uncertainty related to the Eaton Fire and when SCE will submit claims, and the magnitude of those claims, at this time only staff hours are being budgeted related to the Eaton Fire. Once staff has more clarity regarding Eaton Fire claims, staff will seek an augmentation to the budget. Staff have not made adjustments to investment income, claims paid, and third-party expenses.

Proposed Budget Highlights:

- Ratepayer non-bypassable charges are budgeted to be down slightly from 2025 actuals as the Department of Water Resources adjusts the charge amount to align the average annual collection to approximately \$902.4 million .
- Projected investment income is up approximately \$60 million, as compared to full year 2025, to approximately \$488 million. Investment Income is likely to be impacted once Eaton Fire claim payments start being paid out.
- Paid wildfire claims related to the Dixie and Kincade Fires are expected to be completed in 2026.
- Personnel expenses of approximately \$2.1 million are up from about \$1 million the year prior, primarily due to continued processing of the Dixie and Kincade Fire loss payments, expenses related to the SB 254 study, and anticipated expenses for the Eaton Fire.
- Total General and Administrative Expenses include:
 - SB 254 expenses of about \$4.2 million, versus \$1.35 million last year, for the

remaining contract expenses for contractors and consulting firms hired to support the SB 254 study.

- Other contracted services are down year-over-year from about \$1.2 million to \$510,000 as claims support activity related to the Dixie and Kinkade Fires winds down.

Motion: Ms. Barna moved to approve; Mr. Rosenstiel seconded.

No public comment was received.

Outcome: Motion passed by unanimous roll call vote.

4. 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

Chief Insurance and Claims Officer George Sittner provided an update on wildfire claims beginning with the January 2025 Eaton Fire which ignited in the Altadena area within Southern California Edison's (SCE) servicing territory.

Eaton Fire:

- The Eaton Fire, which is being treated as a covered wildfire for purposes of the California Wildfire Fund, burned 14,000 acres and destroyed 9,400 structures.
- SCE settled a claim in litigation that resulted in dismissal where it was asserted that the utility's equipment was involved in the fire.
- The California Wildfire Fund (CWF) began working with SCE in early 2025, to familiarize SCE with the claims administration process and Fund expectations for settling wildfire claims.
- The CWF and its partner Sedgwick Claims Management have set up an efficient and secure process for receiving claims data and documents from, and providing claims data to, SCE.
- The CWF expects to start receiving data on subrogation claims and on the community recovery program.
- As reported at the February meeting, SCE notified the SEC that a subrogation settlement was reached with an insurer that equated to \$.52 cents for each dollar of claims paid or to be paid. That insurer has settled approximately \$500 million to settle claims for the Eaton Fire and SCE is auditing those claims and will then move those claims to the CWF for review.
- Southern California Edison has launched their Wildfire Recovery Compensation Program (WRCP) which is a voluntary program where wildfire survivors can file claims online with or without an attorney. SCE has promised a 90-day turnaround on those claims.
- WRCP status update: As of February 4, 2026, 2,120 claims have been

submitted; 320 offers totaling \$137.9 million have been extended; 36 claim payments made to 59 individuals; 26 percent of claims submitted by an attorney.

Kincade Fire:

The October 2019 Kincade Fire ignited in Sonoma County within PG&E's servicing territory. The fire burned 77,000 acres and destroyed 374 structures.

- PG&E estimates the aggregate liability to be \$1.325 billion, and as of mid-January, PGE has committed settlements of \$1.320 billion and is approximately \$5 million away from closing off the claim.
- Claim types include Individual, Subrogation, Public Entity, and Smoke and Ash, and Large claims.
- The Kincade Fire also resulted in some large winery claims- many wineries were destroyed or damaged, including infrastructure, inventory, and orchards.

Dixie Fire:

The July 2021 Dixie Fire ignited in Plumas County within PG&E's servicing territory. It burned nearly 1 million acres and destroyed 1,300 structures.

- PG&E estimated aggregate liabilities to be \$2.125B and as of mid-January had committed to \$2.04B in claim settlements.
- Claim types include Individual, Subrogation, Public Entity, Smoke and Ash, and Large claims.
- Extensive forest loss resulted in large claims related to timber losses, including inventory, commercial timber equipment, and roads.
- Tribal owned land losses also resulted in large claims and included losses to infrastructure, buildings, fire suppression, land, and roads.

In response to Council Member questions, Mr. Sittner stated that large claims for both the Kincade and Dixie Fires went through litigation. For the Dixie Fire, there was a small voluntary settlement program for homeowners and mobile homeowners with a set calculation of x dollars per square foot plus some additional expenses.

After the Kincade and Dixie Fire claim settlements are closed out, Chief Financial Officer Tom Hanzel stated that approximately \$21B in claims-paying capacity will be available to settle claims related to the Eaton Fire.

Mr. Sittner stated that in November 2025, PG&E filed an "Application for Review and Recovery of Costs Associated with the 2019 Kincade Fire and 2021 Dixie Fire Under AB 1054" with the CA Public Utilities Commission (CPUC). The scope of the proceeding considers issues such as:

- Are the electrical corporation's costs for the covered wildfires just and reasonable and was the utility's conduct related to the ignition of the fire prudent and

- reasonable?
- Are the costs that the utility wants to recover, net of insurance, to defend and resolve claims reasonable?
 - If the utility can recover costs from the ratepayers, and if so, how much?
 - Are the costs incurred to repair or replace damaged utility facilities and to restore service reasonable?
 - CPUC's proposed decision is scheduled to be issued on November 13, 2026.

Mr. Sittner clarified that if a utility was found to be imprudent, they would be required to reimburse the CWF an amount up to 20% of their transmission and distribution rate base.

Mr. Sittner and Chief Executive Officer Tom Welsh added that utilities pay the wildfire claims and then seek cost recovery permission through the CPUC. If that process results in a non-prudency finding, then the utility cannot recover costs from ratepayers. And because the CWF is partially capitalized by ratepayers, the utility would have to reimburse the CWF.

Mr. Hanzel closed out the presentation with an update on the Liquidities Support Program. At the October 2025 meeting, the Council approved a modest revision to the Claims Administration Procedures to provide greater transparency around the program. Since then, the CWF and SCE have been in negotiations and the CWF is close to reaching a final Memorandum of Understanding (MOU) with SCE.

The goal of the MOU is to:

- Provide benefits to ratepayers;
- Continued support for SCE's financial stability; and,
- Encourage SCE to enter early and reasonable settlements with claimants

The Liquidities Support Program is being structured in a way that will provide liquidity to the SCE after settlements have been approved and are being prepared for payment. The CWF can then step in and provide the payment rather than SCE having to put together a credit facility with a higher borrowing cost. Estimated savings to ratepayers is estimated to be \$20 to \$40 million per year.

B. Financial Report

Mr. Hanzel stated that after the Dixie and Kincade Fires, the CWF continues to focus on expanding claim-paying capacity and building liquidity. Staff have also been working on debt-issuance with the Department of Water Resources (DWR) and the State Treasurer's Office (STO) to enable a defined issuance timeline of 3 to 4 months from decision to market pricing.

Financial Report Highlights:

- The total net position of the fund increased year over year by 13.8% to approximately \$13.8 billion.
- Cash and investments were up slightly to over \$14.1 billion, reflecting an increase of approximately \$1.2 billion year over year.
- Total liabilities include approximately \$243 million in outstanding loss and loss adjustment expenses related to the Dixie and Kincaid fires and other miscellaneous liabilities.
- Additions to the Fund in 2025 included \$925 million in non-bypassable charges and \$300 million in utility contributions.
- Investment income, net of expenses, remains strong at nearly \$428 million. Changes in unrealized gains of approximately \$365 million are primarily due to investment positions associated with interest rate decline.
- Portfolio duration was reduced from 3.69 years to 1.36 years to increase liquidity and the average portfolio credit rating increased from AA to AA+
- Total fund size increased by approximately \$1.2 billion year over year
- Income return net of fees stands at approximately 3% and short-term Treasury reinvestment yields stand at approximately 3.6%
- Fund liquidity in the zero-to-six-month maturity range is slightly over \$9 billion, versus the prior year at \$1.5 billion.

C. Enterprise Risk Management

CEA Risk and Actuarial Officer Shawna Ackerman focused on two Audit risks within the quarterly priority risk dashboard and the current standing on those key priority risks:

Internal Audit Highlights:

- Three Internal Audits were implemented in 2025 covering 1) Procurement policy and process, 2) Secondary employment policy and process; and 3) Form 700 filing conflict-of-interest compliance; three internal audits were completed in 2025
- All three internal audits were successful and identified improvements to be implemented by the responsible business units

External Audit Highlights:

- External audit activity included a SOC 2 Type 2 review of information technology and security in support of cyber insurance readiness
- The SOC 2 Type 2 certification was obtained last year and recertification remains on schedule for this year
- Staff reported regular penetration testing and refresher training for employees who click test phishing emails

Public Comment was received from Sydney (Camp Fire Survivor) and Tina Reszler (Camp Fire Survivor)

5. **SB 254 (Information):** Mr. Welsh and SB 254 Research Study Director Dr. Laurie Johnson will provide an update and facilitate a discussion on the SB 254 Natural Catastrophe Resiliency Study.

Mr. Welsh described SB 254 as a point-in-time on a continuum going back to the 2015 to 2018 utility-caused wildfires that resulted in the passage of AB 1054 in July 2019 and the creation of the California Wildfire Fund.

- The Wildfire Fund was designed as a finite fund intended to last long enough for the investor-owned utilities to make investments in safety and risk reduction.
- The January 2025 wildfires in Southern California could exceed the Wildfire Fund's remaining claim-paying capacity and resulted in the passage of SB 254.
- SB 254 created a continuation account for covered wildfires ignited after 2025 while the original wildfire fund is limited to covered wildfires that occurred on or after July 12, 2019, and before September 19, 2025, when the governor signed SB 254.
- SB 254 directed the CEA to undertake a Natural Catastrophe Resiliency Study and to deliver it the legislature and the governor on or before April 1, 2026.
- The SB 254 Study is being led by Research Study Director Dr. Laurie Johnson.

Dr. Johnson continued the presentation, adding that the scope of the study is extremely broad and is intended to address emerging climate-fueled economic risks, maintain progress toward climate goals, safe affordable reliable energy, wildfire and disaster harm mitigation, insurance market stability, and swift and fair compensation to those harmed.

SB 254 Study Highlights:

- CEA formed an executive steering committee with two representatives from the CCRC and representatives from the five state agencies, Public Utilities Commission, Office of Energy Infrastructure, Department of Insurance, Office of Emergency Services, and the Department of Forestry and Fire Protection, required by SB 254 to collaborate with CEA on the study.
- Mandated stakeholder feedback was also solicited from ratepayer advocates, insurance policy advocates, electrical corporations, insurance companies, and claimant attorneys among others.
- The open call for contributions resulted in submissions from individuals and organizations across stakeholder groups, with 83 submissions received from 69 individuals and organizations
- Dr. Johnson summarized the study framework stating that the report will evaluate and set forth recommendations on new models and approaches to complement or replace the Wildfire Fund and includes three overarching considerations:
 1. Accelerating recovery after catastrophes
 2. Mitigating damage before catastrophe
 3. More equitably and responsibly allocating the burdens from natural catastrophes

- The study is examining models in other countries, other regions, and elsewhere in the United States for analysis and reporting to the Legislature and is being approached as a whole-of-government and whole-of-society set of issues because populated areas across the state are exposed to catastrophe risk
- The goal is to deliver actionable and viable options and recommendations for the Legislature and Governor, including analysis of affordability impacts across consumer bills

No public comment was received.

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.

No public comment was received.

After Public Comment, Council members addressed the possibility and appropriateness of adding future agenda items to:

- Clarify the statutory role of the Council and the reasonable business judgment standard used when reviewing reimbursement claims; and,
- Hear from wildfire survivor groups while also setting expectations as to the Council's statutory role and the process by which the fund reimburses utilities.
- Council leadership stressed that utilities remain fully liable for wildfire damages and that the fund evaluates reimbursement under the reasonable business judgment standard before payments are made.

Prior to adjournment, Mr. Welsh thanked General Counsel Suman Tatapudy for her service to CEA and the CWF and announced that she will be leaving to serve as a consultant for the Assembly Utilities and Energy Committee. He added that Ms. Tatapudy ended her involvement in any SB 254 work upon accepting her new role.

6. Adjournment

Chair Ghilarducci adjourned the meeting at 3:12 p.m.



May 7, 2026

Item Name: SB 254

Recommended Action: Information Only

CEA Chief Executive Officer Tom Welsh and SB 254 Research Study Director Laurie Johnson, PhD FAICP, will report on the now completed SB 254 Natural Catastrophe Resiliency Study, the Report on which is entitled *Enhancing California's Resiliency to Natural Catastrophes*. A copy of the presentation that will be used at the meeting is attached.



SB 254 (2025) Natural Catastrophe Resiliency Study

CCRC Briefing

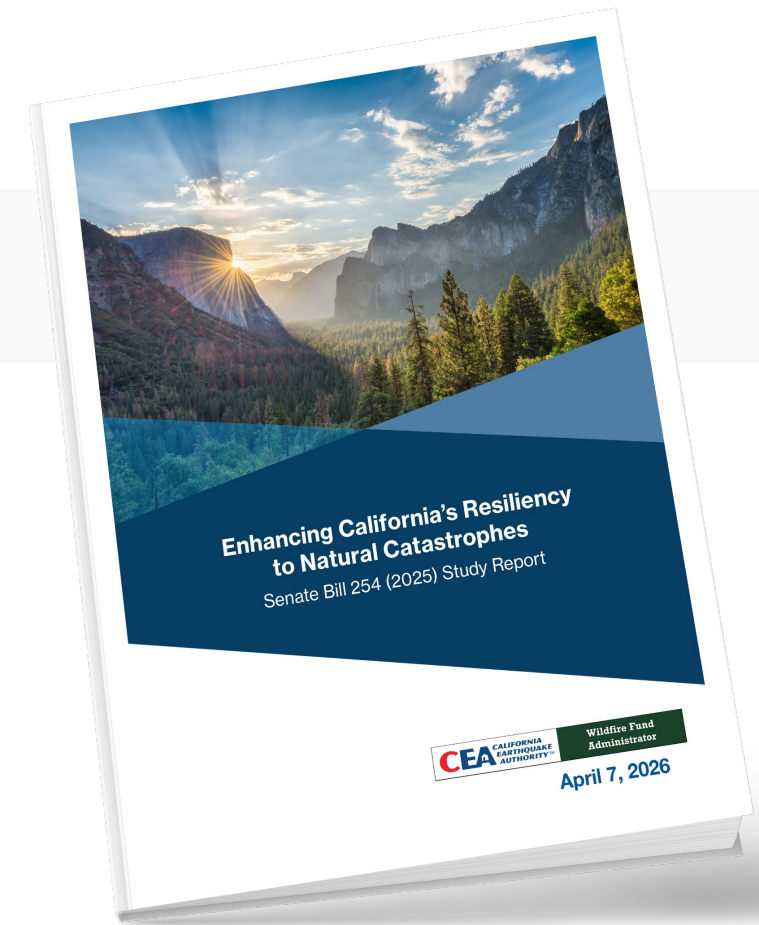
May 7, 2026

SB 254 Report

Agenda

- **Why The Study?**
- **Framing of the Study Topics**
- **What's in the Report?**
 - Context and Background
 - Current State
 - Cost of Inaction
 - Policy Pathways
 - Strategies and Options
- **Download the Report:**

<https://www.cawildfirefund.com/sites/wildfire/files/documents/2026/sb254-natcatresiliencyreport-locked-4-7-26.pdf>



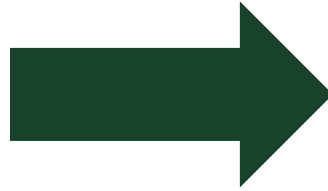
▶ **Context of SB 254**

▶ **Broad Scope of the Study**

▶ **Key Study Themes:**

- **Accelerate Recovery**
- **Responsibly and Equitably Allocate the Burdens and Costs of Catastrophes**
- **Mitigate Damage**

▶ **Whole of Society Approach**



Public Utilities Code Section 719(c)

The report shall include specific recommendations, including, but not limited to, on all of the following:

1. **Accessibility and affordability of property insurance** *in light of the accelerating costs of climate change-induced and other natural catastrophes.*
2. **An evaluation of alternative structures to socialize risk of damage from natural catastrophes**, *that most efficiently and expeditiously compensate those harmed while maintaining accessibility to property insurance and access to safe, affordable, and reliable energy for Californians.*
3. **Additional mitigation measures and technology solutions** *to reduce the risk of ignition of wildfires and limit the spread of and damage from wildfires.*
4. **Financing, insurance, and other mechanisms to expedite recovery** *for communities impacted by natural catastrophes, including wildfires, and to expedite compensation for property loss.*
5. **Additional measures to benefit ratepayers** *through reducing costs caused by fiscal uncertainty while holding electrical corporations accountable for improving safety and reducing the risk of catastrophic wildfires.*
6. **Options for enactment of a streamlined, low-cost mechanism** *to provide injured parties full compensation for damages resulting from wildfires.*
7. **An analysis of the potential benefits and potential negative impacts on homeowners** *related to reasonable limitations on changes to recoveries in wildfire litigation arising from ignitions caused by electrical or gas utility infrastructure, including, but not limited to, restrictions on the recovery of attorney's fees, limitations on economic and noneconomic damages, including claims by insurers, limitations on public entity claims, limitations on claims by those outside the fire perimeter, and aggregate limitations on liability per event.*
8. **Options for enactment of programs to reduce the risk of wildfires spreading and becoming high-severity catastrophes**, *including improved state and local catastrophic event response capability, home fire risk reduction standards, vegetation management practices, and communitywide wildfire hardening requirements.*
9. **Options for reducing the economic damage resulting from wildfires and potentially other catastrophic natural disasters**, *including minimum insurance requirements, mechanisms to ensure insurance rates appropriately account for home and community hardening measures taken, special assessments to support infrastructure investments and emergency response, and improved land use planning.*
10. **Options for new models to complement or replace the fund**, *such as state-supported property insurance, or reinsurance, or both insurance and reinsurance, for wildfires and potential catastrophic natural disasters; a mutual wildfire insurance fund; a publicly supported financial safety net to enhance long-term resilience and utility and insurance rate affordability; and improvements to the fund to enhance its durability.*

▶ **Several Key "Interconnected" Study Mandates**



INSURANCE MARKET MANDATES

1. Accessibility and affordability of property insurance in light of the accelerating costs of climate change-induced and other natural catastrophes.



UTILITY SECTOR MANDATES

7. An analysis of the potential benefits and potential negative impacts on homeowners related to **reasonable limitations on changes to recoveries in wildfire litigation arising from ignitions caused by electrical or gas utility infrastructure, including, but not limited to, restrictions on the recovery of attorney's fees, limitations on economic and noneconomic damages, including claims by insurers, limitations on public entity claims, limitations on claims by those outside the fire perimeter, and aggregate limitations on liability per event.**



BLENDED MANDATES

2. An evaluation of **alternative structures to socialize risk of damage from natural catastrophes**, that most efficiently and expeditiously **compensate those harmed while maintaining accessibility to property insurance and access to safe, affordable, and reliable energy for Californians.**

California's long history of responding to catastrophic events with structural policy solutions. The State has done this before...

When challenged,
California acts

- California's history of catastrophe response has consistently driven lasting structural reform. AB 1054 (2019) is a great example.

But today's risks are
outpacing our response
capacity

- Today's wildfires are straining multiple interconnected systems because they are more frequent and more severe.

The Report highlights
what's working and what
might need to change

- The Report points out options for incremental improvement and more transformational change.

Without meaningful intervention, these catastrophe-related risks will get worse.

Inaction perpetuates unaffordability for consumers, both as ratepayers and insurance policyholders—if they can find insurance. Utility companies become increasingly unattractive to investors and lenders, limiting their ability to attract the capital required to maintain safe, clean, and reliable infrastructure, let alone the capital needed to finance the improvements needed to reach California’s electrification and clean energy goals.

Trigger	Mechanism	Consequence
Wildfire Fund Exhaustion	Utility credit downgrades; higher financing costs	Rates rise; mitigation slows; credit worsens further
Utility Credit Downgrades	Higher debt/equity costs passed to ratepayers	Each 1 percentage-point increase = ~\$5 per month per customer; affordability crisis deepens
Utility Rate Increases	Reduced investment capacity; electrification slows	Climate goals deferred; competitiveness erodes; low-income burden grows
Insurance Market Contraction	FAIR Plan growth; assessment surcharges on all California policyholders	Insurer pull-back accelerates; protection gap widens; market recovery slows
Stalled Mitigation	Risk accrues faster than reduction	Next event is larger; fund exhaustion recurs; cycle restarts
Utility Insolvency	State forced into ownership or restructuring	Grid maintenance and capital costs shift to taxpayers; climate investment constrained

The Report presents three Policy Pathways, with Strategies and Options for each

Pathway 1 – Commit to Community Wildfire Risk Reduction

Pathway 2 – Equitably Allocate Catastrophe Burdens

Pathway 3 – State Roles in Catastrophe Resiliency



Builds on California's landscape-scale fire investments with targeted, measurable focus on communities most vulnerable to catastrophic loss, and clearer accounting for risk and what interventions work.

Strategies	Options
<p>1.1: Enhance the Statewide Approach to Driving Targeted Community Wildfire Risk Reduction.</p>	<ul style="list-style-type: none"> • 1.1.1: Strengthen and align statewide coordination for community wildfire mitigation. • 1.1.2: Develop essential data and analytical infrastructure to identify and assess wildfire risk mitigation needs and track progress statewide. • 1.1.3: Adopt and implement science-informed standards and programs to guide targeted, high-impact mitigation efforts in communities across the state. • 1.1.4: Streamline administrative processes and procedures to maximize resources and expedite implementation of standards.
<p>1.2: Stimulate Community and Home Level Commitment and Shared Responsibility for Wildfire Risk Reduction and Community Resiliency</p>	<ul style="list-style-type: none"> • 1.2.1: Incentivize community wildfire mitigation planning and project-level implementation with financial resources and technical support. • 1.2.2: Tighten the link between risk reduction and insurance. • 1.2.3: Incentivize city and county pre-disaster recovery planning with financial resources and technical support.
<p>1.3: Continue to Prioritize Electric Utility Safety and Accountability</p>	<ul style="list-style-type: none"> • 1.3.1: Develop a risk tolerance standard with binding application to electric utility liability. • 1.3.2: Preserve safety Certificate accountability and financial stabilization benefits. • 1.3.3: Establish a statutory minimum safety weighting in electric utility executive compensation. • 1.3.4: Establish a confidential reporting system with statutory safe-harbor protections.

Offers a framework for strengthening existing systems relied upon to finance and distribute wildfire costs across stakeholders — reducing volatility, improving market function, and aligning financial incentives with resilience and broader state policy goals.

Strategies	Options
<p>2.1: Strengthen Access to Residential Property Insurance for all California Homeowners and Renters</p>	<ul style="list-style-type: none"> • 2.1.1: Solidify the long-term effectiveness of the Sustainable Insurance Strategy. • 2.1.2: FAIR Plan Reform - Return the FAIR Plan to a “market of last resort.” • 2.1.3: Institute a statewide insurance market health monitoring program. • 2.1.4: Solve for underinsurance - Make the standard homeowners insurance product more responsive to catastrophe recovery needs. • 2.1.5: Enhance market oversight following disasters.
<p>2.2: Reform Utility Liability</p>	<ul style="list-style-type: none"> • 2.2.1: Eliminate inverse condemnation for electric and gas utility-caused wildfires. • 2.2.2: Modify the damages for which electric and gas utilities are liable outside of inverse condemnation. • 2.3.3: Eliminate insurance subrogation.
<p>2.3: Efficiency and Compensation Improvements for Utility-caused Wildfires to Accelerate Recovery and Reduce Legal Costs</p>	<ul style="list-style-type: none"> • 2.3.1: Create a “fast pay” facility for survivors of utility-caused wildfires.
<p>2.4: Make a More Durable, Permanent Wildfire Fund</p>	<ul style="list-style-type: none"> • 2.4.1: Create a more durable Wildfire Fund with potential to use risk transfer. • 2.4.2: Create a more durable Wildfire Fund with diversified funding sources. • 2.4.3: Establish a more durable Wildfire Fund along with liability reforms.

Strategy 2.4: Make a More Durable, Permanent Wildfire Fund

Option 2.4.1: Create a more durable Wildfire Fund with potential to use risk transfer.

Capitalizes the Wildfire Fund to \$36 billion - projected to last for 20 years with 75% probability.

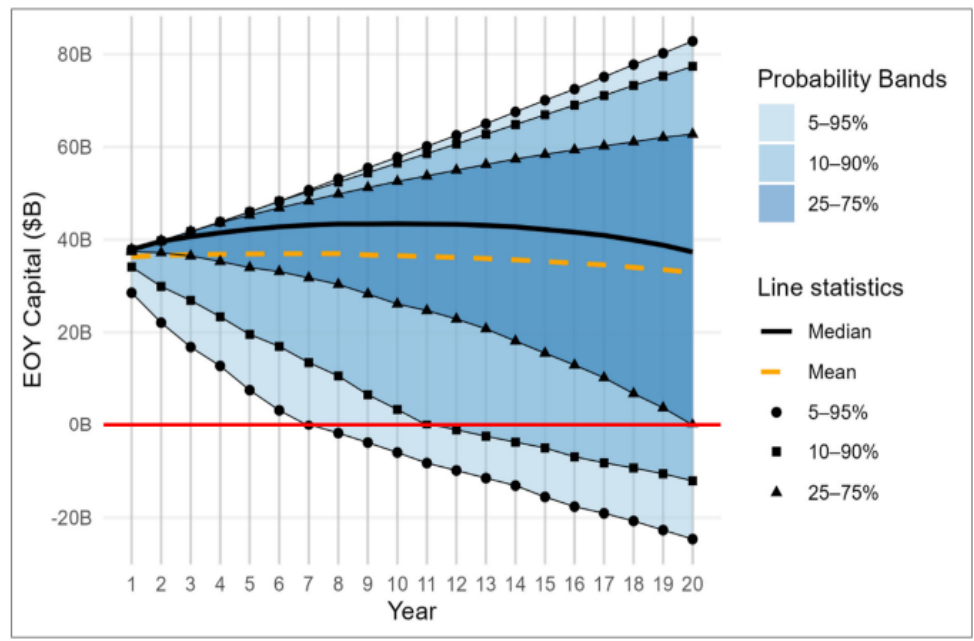
- No Risk Transfer - \$11.00 in monthly Fund-related charges for an average ratepayer (compared to a current \$2.50); Additional \$8.50 surcharge per month if replenishment were required
- With Risk Transfer - \$14.75 in monthly Fund-related charges for an average ratepayer (compared to a current \$2.50); protects against replenishment surcharge

Option 2.4.3: Establish a more durable Wildfire Fund along with liability reforms.

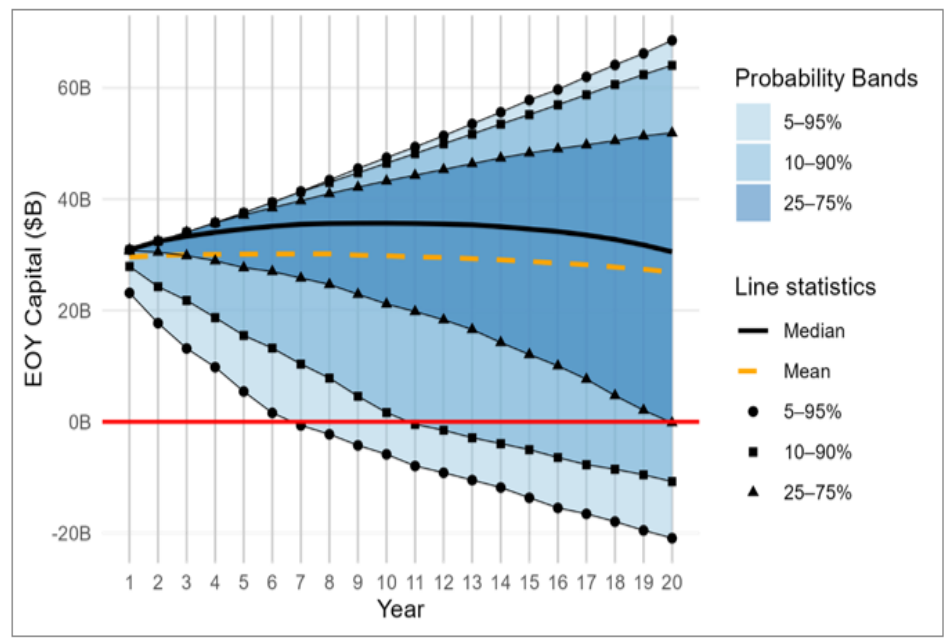
Capitalizes the Wildfire Fund to \$29 billion - projected to last for 20 years with 75% probability.

- Eliminates punitive damages, caps non-economic damages, public entity property damage recovers diminution in value, eliminates public entity non-property recovery, limits additional living expenses recovery
- \$7.00 in monthly Fund-related charges for an average ratepayer (compared to a current \$2.50); additional replenishment may be required

Probabilistic range of modeled outcomes for a More Durable Wildfire Fund, no risk transfer purchased



Probabilistic range of modeled outcomes for a Durable Wildfire Fund with Liability Reform



Pathway 3 – State Roles for Addressing Catastrophe Resiliency

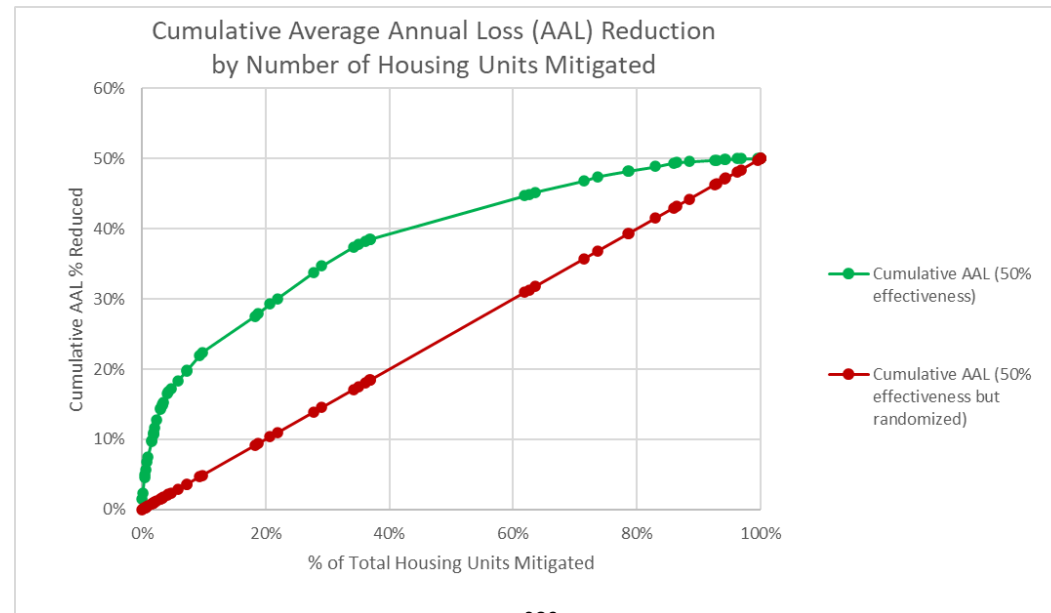
Considers potential State roles to fill property insurance and utility liability coverage gaps, stabilize interconnected systems, and build long-term fiscal capacity for catastrophe risk financing and statewide risk reduction.

Strategies	Options
3.1: State Roles to Finance Catastrophe Risk	<ul style="list-style-type: none">• 3.1.1: Establish a State-administered wildfire liability insurance program for electric utilities.• 3.1.2: Establish a State-backstop for electric utility wildfire liability with a residual utility self-insurance pool.• 3.1.3: Establish a State-backed catastrophe reinsurance layer for the residential property insurance market.• 3.1.4: Create a State-sponsored wildfire insurer.
3.2: Statewide Funding for Community Wildfire Mitigation	<ul style="list-style-type: none">• 3.2.1: Develop a long-term funding and financing strategy for statewide community wildfire mitigation.

Option 3.2.1: Develop a long-term funding and financing strategy for statewide community wildfire mitigation.

- Most funding for wildfire risk reduction currently comes from one-time, or limited duration, Federal and State public funding sources, which are insufficient to cover the full cost of mitigation on a sustainable long-term basis. State dollars are limited, and Federal dollars are inconsistent.
- Targeted mitigation of the highest-risk 10% of communities could reduce more than 20% of statewide aggregate losses.
- An estimated \$19 billion investment to mitigate 70% of at-risk structures could achieve a 47% reduction in statewide wildfire risk, compared to just 35% from an uncoordinated approach.

Targeted Mitigation Impacts by % of Communities Targeted vs Randomized Mitigation Impacts



Next Steps

Legislative Focus on Catastrophe Resiliency

The Study & Report

*Tools to Aid
Policymakers in the
Balancing Between
Competing
Objectives*





May 7, 2026

Item Name: 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. Enterprise Risk Management
- C. Financial Report

May 7, 2026

Item Name: Claims Administration Update

Recommended Action: Information Only

Executive Summary

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.

Claims Administration Update

Wildfire Monitoring and Notification

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

PGE Application for Review and Recovery of Costs Associated with the Kincade and Dixie Fires

Reasonable Business Judgement Review

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 December 31, 2025 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 December 31, 2025 reports approximately 1500 lawsuits are currently pending against Edison International (SCE's parent company), representing approximately 20,000 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.

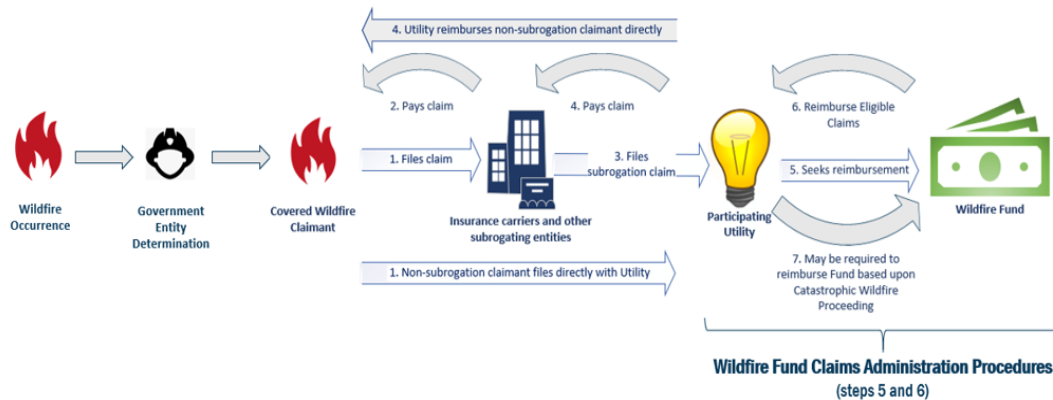


Figure 1. Illustration of the process of handling claims arising from Covered Wildfires

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 April 21, 2026, WRCP activity is as follows:

- 3100 claims submitted, consisting of ~9300 individuals, trusts and legal entities
- 1400 offers extended to more than 3500 claimants, totaling \$475 million
- 735 claimants paid, totaling over \$95M, with more in process
- Over 50% of offers made have been accepted, with many others pending
- 29% of claims submitted by an attorney

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.

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 expected to commence the sharing of settled claims data in Q2 2026.

Reasonable Business Judgement Standard

The Administrator is required by law, to review and approve any settlement of an eligible claim by an electrical corporation participating in the Wildfire Fund (“IOU”) as being in the reasonable business judgment of the IOU before reimbursing the IOU from the Wildfire Fund.

It is the Administrator’s opinion that an IOU’s exercise of reasonable business judgment in evaluating and resolving claims will necessarily vary based on the specific circumstances and individual factors associated with each covered wildfire. These factors may include, but are not limited to, the size and complexity of the covered wildfire, the volume and nature of claims, the availability and quality of supporting documentation, and the overall settlement dynamics unique to that covered wildfire.

The Procedures direct the Administrator to review and approve any settlement of eligible claims as being in the Reasonable Business Judgement of the participating utility as a prerequisite to reimbursing funds for covered wildfire claims. The Administrator’s review of all claims for the Reasonable Business Judgement standard includes an evaluation of the process by which a participating utility has settled claims, and a determination of whether the process by which the settlement was reached was appropriate and consistent.

The Administrator reviews samples of claim submissions to determine if the standard of Reasonable Business Judgement has been satisfied. The Administrator together with Sedgwick developed the Procedures, collaborating with participating utilities to develop an understanding of the claims handling process and claimant types, and to develop a reporting mechanism to collect data that is used to assess claims.

As outlined in the Procedures, Reasonable Business Judgement is defined as:

“The judgment by the Participating Utility of the validity and value of a claim that is based on the process employed by the Participating Utility and the types of information and documentation generally relied upon by the Participating Utility to reach a fair evaluation of the Participating Utility’s liability for, and amount of, the claim.”

In determining whether a participating utility exercised Reasonable Business Judgment in resolving wildfire claims under the guiding principles adopted by the Council, the Administrator will consider the following:

- The participating utility’s general procedures for evaluating and paying claims.

- Whether the amount paid is finally adjudicated as defined herein, and/or whether it resulted from a judgment, mediation, arbitration award or informal negotiation.
- The extent to which the participating utility based its settlement decisions on documentation and other information appropriate for the types of damages and losses claimed.
- The extent to which the participating utility based its settlement decisions on consultation with SME's appropriate for the types of damages and losses claimed.
- The costs and risks of further litigation with the third-party claimants.
- The extent to which the amount paid reflects legally recoverable damages.
- For subrogation claims, claims paid at less than or equal to 40% of total asserted claim value will be assumed to reflect the exercise of Reasonable Business Judgment unless the Administrator finds that the facts and circumstances surrounding a particular claim indicate a failure to exercise Reasonable Business Judgment.
- For all claims, the relationship between the value of the amount claimed and the amount paid.
- Finally adjudicated claims, as defined herein, will be paid in the full judgment amount.
- The participating utility's process for eliminating duplicate damage claims between a third-party claimant and the subrogated insurer for that claimant.
- Any other relevant and valid considerations.

The Administrator's review also looks for indications of a weak process or unreliable data, such as:

- Using valuation methods that are materially different from standard practice without a reasonable explanation.
- Missing core documentation with no reasonable substitute or attempt to obtain a reasonable substitute.
- No subject matter expert engagement when the damage type is one that commonly requires expert valuation support.
- Settlement amounts that appear detached from asserted claim values without an explanation of the litigation-risk or legal-recoverability considerations supporting the settlement amount.

The review of claims to determine whether Reasonable Business Judgment has been exercised initiates with a review of all of the Threshold Claims, or claims paid by an IOU as a result of a covered wildfire in a coverage year in the aggregate amount of \$1 billion dollars. The review includes a statistical analysis of all claim data provided which results in:

- Expediting the claims review process by developing statistically significant random samples of claims for more detailed review.
- Identifying duplicate claims.
- Identifying common ranges of claim amounts in particular geographic areas, indicating certain claims that may warrant closer review.
- Identifying common ratios between amounts of particular damage categories to identify outliers.
- Suggesting any other areas of inquiry that the data reveals, and which may be relevant to an evaluation of Reasonable Business Judgment and of use in the claims review process.

All claims identified for review as a result of the statistical analysis undergo a thorough review with the Sedgwick Claims Team and their subject matter experts. The Threshold review acts as a “baseline” and the expectation of the Administrator is that any paid claims that exceed the \$1 billion dollar threshold amount are treated and settled with the same rigor and expertise as those claims paid within the Threshold amount. To ensure this, the Administrator and Sedgwick apply the same statistical analysis and review process to identify any inconsistencies in settlement amounts or the settlement process. This is accomplished by:

- Applying the identical random sample and outlier criteria to both Threshold Claims and Eligible Claims
- Statistically comparing all Eligible Claims to each other
- Statistically comparing all Eligible Claims to Threshold claims
- Ensuring that subject matter experts/consultants are consistently used across different types of claims
- Consistently applying the process to determine if there are duplicate claims
- Ensuring claim documentation is consistent and appropriate for all types of claims submitted at both the Threshold and Eligible Claims level

The final steps of the Administrator’s monthly review of Eligible Claims include a final data check for consistency of the claimed amounts prior to determination of an allowable reimbursement from the Fund to the IOU. This is only accomplished once a final determination has been made after any inquiries, questions, or document requests made to the IOU have been satisfied for that monthly claim submission. Any claims that need additional information or research are returned to the IOU for a future submission once any information requests have been satisfied.

The Administrator has found that for claims submitted to date by PG&E for both the Kincade Fire and Dixie fire, there is consistency in the settlement amounts and approach with respect to paid Threshold Claims and paid 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.

May 7, 2026

Item Name: California Wildfire Fund Quarterly Wildfire Certification Q1 2026

Recommended Action: Information Only

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.

Quarterly Wildfire Certification – Q1 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.

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 March 31, 2026, PG&E committed settlements total \$2,061,117,726. 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 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% of the total dollar value of eligible claims. Below is a summary of claims reimbursed in Q1 2026.

Month PG&E Paid Claim	#Claims Submitted	#Claims Reviewed by SMEs	#Claims Needing Additional Support/Review	#Claims Reimbursed	Total \$ Reimbursed
October	120	5	1	120	\$9,438,889
November	259	7	0	259	\$17,755,500
December	178	4	0	178	\$13,607,000
Total	557	16	1	557	\$40,801,389

*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
Total	\$891,618,624

*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 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 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 March 31, 2026, 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 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 Q1 2026.

Month PG&E Paid Claim	#Claims Submitted	#Claims Reviewed by SMEs	#Claims Needing Additional Support	#Claims Reimbursed	Total \$ Reimbursed
October	39	5	1	39	\$4,037,990
November	3	N/A	N/A	3	\$21,387
December	10	N/A	N/A	10	\$133,887
Total	52	5	1	52	\$4,193,264

*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
Total	\$287,824,401
Reimbursement (Total * 40%)	\$115,129,760

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. The costs PG&E have asked to recover in its filing⁴ are as follows:

**TABLE 1
WEMA COSTS AS OF SEPTEMBER 30, 2025
(THOUSANDS OF DOLLARS)**

Line No.	Costs	Kincade	Dixie	Both Fires
1	Claims Payments <\$1 billion	1,000,000	1,000,000	2,000,000
2	Insurance Reimbursements	(430,000)	(500,000)	(930,000)
3	Claims Payments >\$1 billion	276,001	858,614	1,134,615
4	Wildfire Fund Reimbursements	(64,771)	(609,082)	(673,853)
5	FERC Jurisdictional Costs	(126,302)	(120,864)	(247,166)
6	Interest	45,995	62,525	108,520
7	<i>Net Claims</i>	700,923	691,193	1,392,116
8	Litigation Costs	64,228	136,133	200,361
9	FERC Jurisdictional Costs	(6,180)	(12,803)	(18,983)
10	Interest	7,621	10,843	18,464
11	<i>Net Litigation Costs</i>	65,669	134,173	199,842
12	<i>WEMA Balance (September 30, 2025) (lines 7 and 11)</i>	766,592	825,366	1,591,958
13	<i>Total WEMA Costs under Review (lines 4 and 12)</i>	831,363	1,434,448	2,265,811

⁴<https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=587323960>

**TABLE 2
CEMA COSTS AND REVENUE REQUIREMENTS
(THOUSANDS OF DOLLARS)**

Line No.	Costs and Revenue Requirements	Expense	Capital
1	Total CEMA Costs	242,018	71,647
2	CEMA Revenue Requirement (without interest)	241,810	61,436
3	Interest (2019-2027)	55,129	3,037
4	CEMA Revenue Requirement (with interest)	296,939	64,473

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.

May 7, 2026

Item Name: Enterprise Risk Management Program

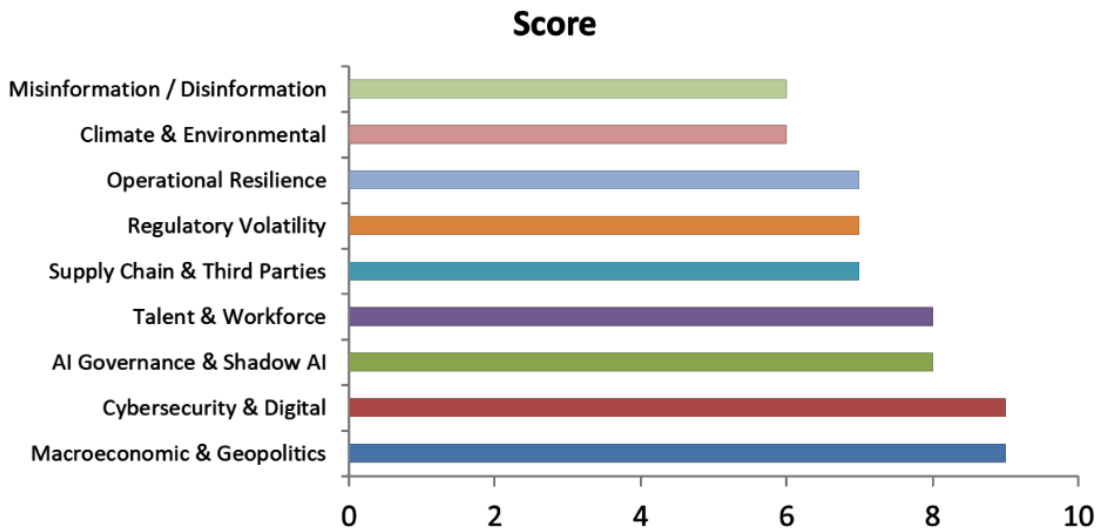
Recommended Action: Information only

Executive Summary

A summary of risk surveys from insurance, reinsurance and catastrophe pools is shown in the graph below. As can be seen some of the sectors’ top risks, such as supply chain and geopolitical risks, have limited impact on the Wildfire Fund. Several others closely align with the Wildfire Fund’s established Priority Risks. These include information security (covering Cybersecurity and AI risks), workforce (Talent & Workforce), business continuity (Operational Resilience) and wildfire risk and mitigation (impacted by Climate & Environmental).

The Enterprise Risk Manager reviewed multiple risk surveys from 2025 and into 2026, focusing on insurance, reinsurance and catastrophe pools to compare identified key risks with the Wildfire Fund’s priority risks.

Top ERM Risks for the Insurance Industry (2025)



Note: Relative risk prominence reflects a synthesis of insights from NAIC, Protiviti/NC State Executive Perspectives, Gartner Emerging Risks, IIA’s “Risk in Focus 2025,” and insurance-industry risk committee input. The scores represent directional emphasis, not a single survey ranking.

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 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	● High	● Strong	● Medium

Risk Name	Description	Inherent Risk Score	Control Effectiveness	Residual Risk Score
	fulfill its current obligations or mission			
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

Priority Risks remained stable throughout 2025 and into Q1 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 is no longer applicable, however, reputational risk remains.

In the SB 254 Natural Catastrophe Resiliency Report, CEA’s staff and study teams aimed to create a considered and balanced examination of growing natural catastrophe risk in California. The Report addresses both the context that gives rise to this risk and pathways to confront it.

Although balanced, the Report is a political document. It arose from debate over the future of the California Wildfire Fund. The Legislature and the Governor will now use it in their ongoing deliberative processes.

A document of this nature, designed to be a deliberative tool, carries inherent reputational risk – especially a document addressing such a high-stakes, divisive issue.

CEA has developed and deployed several strategies to mitigate that risk. So far, these strategies are proving to have control effectiveness over the reputational risk presented by the release of the Report:

- The balanced and considered approach in generating the Report mentioned above
 - This included a strenuous reputational risk review of all language to make certain messaging was precise and intentional.
- Contractual obligations guiding study team public messaging
- Posture of neutrality of outcome
 - Our Narrative: The Report has been presented as a menu, not a prescription. CEA remained “agnostic” about what policy pathways/options are ultimately adopted.
- Targeted media interviews and stakeholder contacts reinforcing those narratives
- Limited additional media contacts to leave the policy debate in the State House, where it belongs.
- Public messages toolkit
 - Talking points
 - Question and answer sets

- o Additional media assets as needed

It is important to distinguish between the two types of possible critical responses to the Report. Some may be critical of the Report itself and claim it is flawed. Others may be critical of the production process or of CEA as the Report's producer. The latter represents the most serious reputational risk to CEA. While critical reactions to the report's contents have been noted, they have so far not been critical of CEA as the report's producer. On the contrary, they tend to acknowledge the earnest and diligent effort in creating the Report under difficult conditions.

Resiliency issues and the Report itself remain divisive topics. However, to date, there is no indication that the perception of CEA's core competencies—earthquake insurance and mitigation, and management of the California Wildfire Fund— are suffering reputational harm as a result.

Developments related to the SB 254 report will be closely monitored for impacts 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

In February 2026, the Office of Energy Infrastructure Safety (Energy Safety) released San Diego Gas & Electric's (SDG&E) 2024 vegetation management audit report of SDG&E 2023-2025 Wildfire Mitigation Base Plan (WMP). The audit covered 13 vegetation management initiatives in six programmatic areas of SDG&E's 2024 WMP. Energy Safety's audit concluded that SDG&E successfully achieved the objectives of 10 of its vegetation management initiatives within its 2024 WMP. However, Energy Safety identified deficiencies in three initiatives (wood and slash management, substation defensible space, and open work orders).

In March, Energy Safety released its 2024 vegetation management audit report of Southern California Edison's (SCE) 2023-2025 Wildfire Mitigation Plan. Energy Safety found that SCE has made year-over-year improvements in achieving 12 of its 13 vegetation management initiatives for 2024. However, Energy Safety did identify one outstanding deficiency in open work orders.

In April, Energy Safety released its 2024 vegetation management audit report of Pacific Gas and Electric's (PG&E) 2023-2025 Wildfire Mitigation Base Plan (WMP). Energy Safety has identified one outstanding initiative deficiency within PG&E's vegetation management program regarding wood and slash management.

Information Security

The Information Security and IT Operations teams have successfully earned a second annual SOC 2 Type II certification. To elevate the operational maturity of the SOC 2 certification, Information Security is moving to employ a standardized set of controls based on the NIST framework. This shift will also allow CEA to investigate the alignment with ISO 27001:2022 standards to further increase security operations and governance maturity.

Information Security has also introduced new technology to improve both on-premises and cloud-based visibility. These technologies allow for faster and more comprehensive traffic analysis that extend the detection and analysis capabilities beyond the previous generation of tooling.

Risk and Compliance Committee

All staff completed the mandatory training requirements for Q1 2026. Five policies were published and assigned to all staff this quarter. Compliance training was briefly placed on hold due to a change in our training software system and has resumed in Q2.



May 7, 2026

Item Name: 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 March 31, 2026, and 2025.



FINANCIAL REPORT

March 31, 2026

Financial Report Table of Contents

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Balance Sheets as of March 31, 2026 and 2025	1
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Financial Statements

**California Wildfire Fund
Balance Sheets**

UNAUDITED

	March 31, 2026	March 31, 2025
Assets		
Cash and investments:		
Cash and cash equivalents	\$ 8,190,705,343	\$ 4,704,860,933
Investments	<u>6,204,252,838</u>	<u>8,500,086,614</u>
Total cash and investments	14,394,958,181	13,204,947,547
Interest receivable	<u>32,721,085</u>	<u>48,363,447</u>
Total assets	\$ 14,427,679,266	\$ 13,253,310,994
 Liabilities and Net Position		
Loss and loss adjustment expense reserves	\$ 273,215,616	\$ 665,095,894
Securities payable	86,523,021	46,679,061
Accounts payable and accrued expenses	3,181,106	2,267,080
Related party payable - CEA	<u>257,173</u>	<u>375,258</u>
Total liabilities	<u>363,176,916</u>	<u>714,417,293</u>
Net position:		
Restricted for CWF	<u>14,064,502,350</u>	<u>12,538,893,701</u>
Total net position	<u>14,064,502,350</u>	<u>12,538,893,701</u>
Total liabilities and net position	<u><u>\$ 14,427,679,266</u></u>	<u><u>\$ 13,253,310,994</u></u>

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

UNAUDITED

	Three Months Ended	
	March 31, 2026	March 31, 2025
Additions to fund assets:		
Rate payer monthly NBCs	\$ 213,202,458	\$ 207,865,472
Total contributions	213,202,458	207,865,472
Investment income & expenses	103,637,957	110,668,931
Change in unrealized gain/(loss)	(17,171,202)	196,638,191
Net investment income	86,466,755	307,307,122
Total additions to fund assets	299,669,213	515,172,594
Deductions to fund assets:		
Losses and loss adjustment expenses	75,000,000	140,000,000
General and administrative expenses	3,455,553	1,188,977
Personnel expenses	591,739	215,607
Total deductions to fund assets	79,047,292	141,404,584
Increase/(decrease) in net position	220,621,921	373,768,010
Net position, beginning of year	13,843,880,429	12,165,125,691
Net position, end of period	\$ 14,064,502,350	\$ 12,538,893,701

California Wildfire Fund
 Cost Allocation Methodology and Calculation for the Three Months Ended March 31, 2026 and 2025
 3/31/2026

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 Three Months Ended March 31, 2026 and 2025.

Department	Three Months Ended March'26		Three Months Ended March'25		CWF Salary & Benefit costs =	March'26	March'25
	Hours	Salaries & Benefits	Hours	Salaries & Benefits		CEA Salary & Benefit costs =	
1. Comms	365.5	28,522	277.0	23,791		509,909 A	192,979
2. Exec	921.1	228,269	346.1	39,602		5,685,134 B	6,333,504
3. Finance	387.5	99,913	311.0	57,153		6,195,043 C	6,526,483
4. IT	43.0	7,447	-	-			
5. Internal Ops	20.3	1,800	25.0	2,577			
6. Insurance Ops	713.0	130,441	52.5	11,313			
7. Legal	82.9	13,517	216.6	58,543			
Total Direct Hours/Costs	2,533.2	509,909	1,228.2	192,979	Allocation % =	8.23% = A/C	2.96%

All other indirect costs were allocated to the CWF based on the 8.23% and 2.96% allocations noted above. The following indirect expenses were charged to the CWF:

Account Name	Acct #	Amount	Amount
Rent-Office and Parking	86400-16	11,858	274
Rent-Office Equip/Furniture	86450-16	304	120
Building Maintenance and Repairs	86475-16	93	41
Furniture/Equipment <\$5000	86500-16	-	263
EDP Hardware <5000	86505-16	4,217	1,946
EDP Software <5000	86506-16	41,094	16,780
Office Supplies	86510-16	721	206
Postage	86530-16	107	14
HR and IT staff allocation	85101-16	60,077	22,628
LMF staff allocation	85155-07	21,753	-
Telecommunications	86550-16	4,139	2,138
Insurance Expense	86600-16	13,659	5,109
Other Administration Services	88175-16	72	101
Direct Investment Technology Support	89805-16	146,502	132,658
Total Indirect Costs		304,596	182,278
Total Costs		814,505	375,257

Contributions & NBCs Received

**California Wildfire Fund
Contributions & NBCs Received
As of March 31, 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	3-months of 2026	213,202,458 **
Total SMIF Loan Activity & NBCs Received		4,907,477,950
Total Funds Received & Reimbursed		<u>\$ 14,507,477,950</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 the first two months of fiscal year 2026, the DWR incurred \$625K 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
 3/31/2026**

March 31, 2026

The CWF's total portfolio market value for March 2026 was \$14.40 billion with an average duration of 1.25 years and average credit ratings of "AA+".

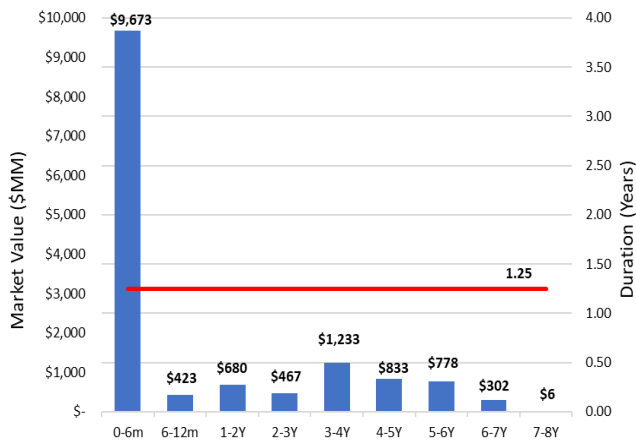
CWF Investment Portfolio as of March 31, 2026				
Sector	Value (\$MM)	% of Portfolio	Avg Credit Rating	Duration (Yrs)
U.S. Treasury	\$ 10,830	75.2%	AA+	0.86
U.S. Agency & Supranational	417	2.9%	AA+	3.12
Corporates	2,622	18.2%	A+	2.74
U.S. TSY MMF & Cash	526	3.7%	AAA	0.00
Total	\$ 14,395	100.0%	AA+	1.25

March 31, 2025

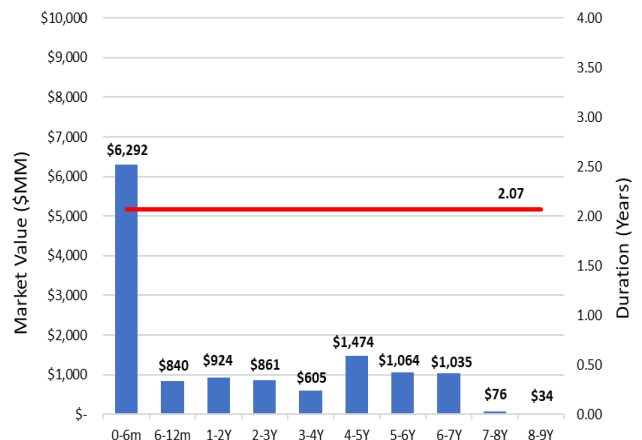
The CWF's total portfolio market value for March 2025 was \$13.21 billion with an average duration of 2.07 years and average credit ratings of "AA".

CWF Investment Portfolio as of March 31, 2025				
Sector	Value (\$MM)	% of Portfolio	Avg Credit Rating	Duration (Yrs)
U.S. Treasury	\$ 8,628	65.3%	AA+	1.67
U.S. Agency & Supranational	918	7.0%	AA+	2.01
Corporates	3,300	25.0%	A+	3.32
U.S. TSY MMF & Cash	359	2.7%	AAA	0.00
Total	\$ 13,205	100.0%	AA	2.07

CWF Maturity Distribution: March 31, 2026



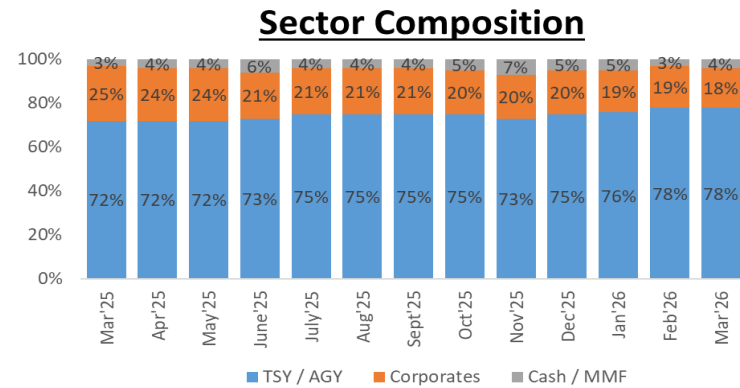
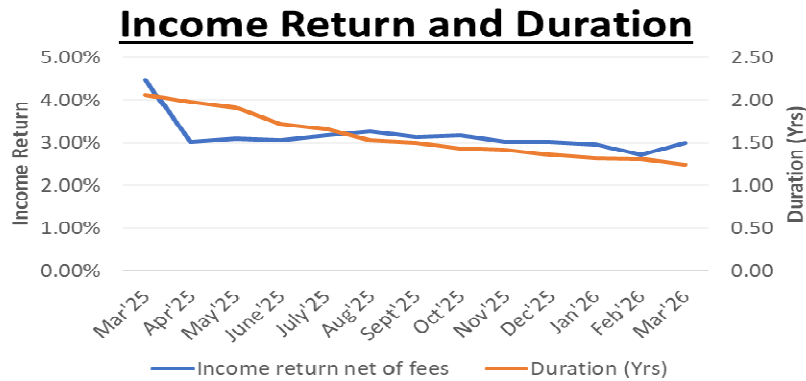
CWF Maturity Distribution: March 31, 2025



**California Wildfire Fund
CWF Portfolio 12-Month History
3/31/2026**

CWF Investment Portfolio Overview													
	Mar'25	Apr'25	May'25	June'25	July'25	Aug'25	Sept'25	Oct'25	Nov'25	Dec'25	Jan'26	Feb'26	Mar'26
Total Portfolio													
Market Value - Cash & Investments (\$MM)	\$13,205	\$13,371	\$13,311	\$13,452	\$13,573	\$13,623	\$13,742	\$13,785	\$14,009	\$14,061	\$14,369	\$14,304	\$14,395
Investment income (\$MM) *	48.85	33.80	34.75	34.68	36.10	37.61	36.21	36.79	35.45	35.71	35.51	32.94	36.49
Change in unrealized gain/(loss) (\$MM)	6.26	57.59	(34.08)	50.67	(17.35)	63.90	10.34	17.38	25.15	(4.95)	0.21	48.41	(65.79)
Investment management fees and bank fees (\$MM)	0.39	0.40	0.40	0.41	0.39	0.40	0.40	0.40	0.41	0.41	0.41	0.42	0.43
fees as a % of average AUM	0.0030%	0.0030%	0.0030%	0.0031%	0.0029%	0.0029%	0.0029%	0.0029%	0.0030%	0.0029%	0.0029%	0.0030%	0.0030%
Income return gross of fees	4.52%	3.06%	3.14%	3.11%	3.21%	3.32%	3.18%	3.21%	3.06%	3.05%	3.00%	2.76%	3.05%
Income return net of fees	4.48%	3.03%	3.10%	3.07%	3.17%	3.28%	3.14%	3.17%	3.03%	3.02%	2.96%	2.72%	3.02%
Yield to Maturity	4.07%	4.05%	3.92%	3.99%	4.19%	3.65%	3.91%	3.61%	3.58%	3.47%	3.42%	3.38%	3.66%
Duration (Yrs)	2.07	1.98	1.91	1.72	1.67	1.53	1.5	1.44	1.42	1.36	1.32	1.31	1.25
Portfolio Composition (%)													
TSY / AGY	72%	72%	72%	73%	75%	75%	75%	75%	73%	75%	76%	78%	78%
Corporates	25%	24%	24%	21%	21%	21%	21%	20%	20%	20%	19%	19%	18%
Cash / MMF	3%	4%	4%	6%	4%	4%	4%	5%	7%	5%	5%	3%	4%

* - 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)



May 7, 2026

Item Name: 2026 Budget Augmentation

Recommended Action: Approve Augmentation of the 2026 Wildfire Fund Administration Budget

Background

During its February 5, 2026, meeting, the California Catastrophe Response Council approved staff's recommended 2026 budget for the administration of the California Wildfire Fund (CWF) and directed staff to operate CWF operations within the total approved budget amounts.

CEA staff are presenting a revised CWF 2026 budget for the Council's consideration, which include augmentations to support the SB 254 Study Initiatives, and additional claims payments anticipated as a result of PG&E's aggregate Wildfire Fund receivable for probable recoveries in connection with the 2021 Dixie fire. In aggregate, the reasonable and necessary augmentation of the 2026 budget to respond to these developments is approximately \$76 million, the majority of which arises from anticipated payments on PG&E claims from the Dixie fire, all as described in detail in the revised budget (Attachment A).

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 those claims to the CWF, CEA staff have not adjusted the 2026 budget related to investment income, claims paid, and third-party expenses (i.e. Sedgwick).

Recommendation

Staff recommend the following Council actions:

- Approve the revised 2026 CWF budget; and
- Direct staff to operate CWF's business operations activities within the total revised budget amounts.

**California Wildfire Fund
2026 Budget Revision
As of March 31, 2026**

	A	B	C = A + B	D	E = D/C
	Approved 2026 Budget	Adjustments ^A	Adjusted 2026 Budget	Actual Amounts Q1 2026	Percentage Used of Adjusted 2026 Budget
Additions to fund assets:					
Rate payer monthly NBCs, net	\$ 901,245,965 *	\$ -	\$ 901,245,965	\$ 213,202,458	23.7%
Utility annual contributions	300,000,000	-	300,000,000	-	0.0%
Investment income (net of expenses)	488,191,129	-	488,191,129	103,637,957	21.2%
Total additions to fund assets	\$ 1,689,437,094	\$ -	\$ 1,689,437,094	\$ 316,840,415	18.8%
Deductions to fund assets:					
Wildfire paid claims	\$ 243,246,269 **	\$ 75,000,000	\$ 318,246,269	\$ 45,030,653	14.1%
<i>Personnel expenses:</i>					
Personnel expenses - allocated from CEA	2,127,227	-	2,127,227	591,739	27.8%
<i>General and administrative expenses:</i>					
SB 254 study	4,225,519	505,000	4,730,519	2,776,564	58.7%
Other contracted services	510,000	350,000	860,000	230,864	26.8%
Direct legal services-general	165,000	-	165,000	66,657	40.4%
Financial services consulting	312,879	-	312,879	75,000	24.0%
Bank fees	327,721	-	327,721	78,329	23.9%
G&A expenses - allocated from CEA	803,876	-	803,876	222,766	27.7%
Travel	24,680	-	24,680	-	0.0%
Software and licenses	600	-	600	-	0.0%
Direct IT services	1,000	-	1,000	-	0.0%
Audit Fees	4,000	-	4,000	-	0.0%
Printing & stationary	4,800	-	4,800	873	18.2%
CCRC & meeting expenses	3,000	3,000	6,000	4,500	75.0%
<i>Total general and administrative expenses</i>	<i>6,383,075</i>	<i>858,000</i>	<i>7,241,075</i>	<i>3,455,553</i>	<i>47.7%</i>
Total deductions to fund assets	\$ 251,756,571	\$ 75,858,000	\$ 327,614,571	\$ 49,077,945	15.0%
<i>Change in unrealized gain/(loss)</i>	<i>-</i> ***	<i>-</i>	<i>-</i>	<i>(17,171,202)</i>	<i>NM</i>
Increase/(decrease) in net position	\$ 1,437,680,523	\$ (75,858,000)	\$ 1,361,822,523	\$ 250,591,268	18.4%

^A Adjustments to revise 2026 CWF end of year projections.

* _ 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 loss amount of \$1.150 billion related to the Dixie Fire and \$130 million related to the Kincaid Fire. Dependent on CEA internal analysis and information received from PG&E, CEA has revised the total amount of paid claims in 2026.

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