CALIFORNIA EARTHQUAKE AUTHORITY™

Wildfire Fund Administrator

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November 5, 2026

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Notice Publication Date: October 26, 2026

PUBLIC NOTICE

A PUBLIC MEETING OF THE CALIFORNIA CATASTROPHE RESPONSE COUNCIL

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

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

DATE: November 5, 2026
TIME: 1:00 p.m.
LOCATION: State Treasurer Office, 915 Capitol Mall, First Floor Board Room 121, Sacramento, CA 95814

TELECONFERENCE ACCESS:

By Computer (Open the Zoom* App, or navigate to www.zoom.com):
Enter Meeting ID: 823 7177 2019
Direct Link: https://us02web.zoom.us/j/82371772019

By Phone: 1 (669) 900-6833
Enter Meeting ID: 823 7177 2019

* 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 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. **Consent Calendar:**

    A. Approval of Minutes – Review and approve the minutes of the May 7, 2026, and August 6, 2026, meetings of the Council.
    B. Investment Policy – Review and approve Non-Material Updates to the CWF Investment Policy.

3. **2027 Legislative Planning Discussion:** Chief Executive Officer Tom Welsh and General Counsel Bret Ladine will provide an update on the conclusion of the 2026 Legislative Session (focused on SB 492) to facilitate a Council discussion of legislative priorities for the 2027 Session, focused on the following topics:

    A. Contextual overview of the Council's Position within California's Wildfire and Energy Regulatory Ecosystem;
    B. 2027 Legislative Priorities:
        1. Closed Session authority for claims and reinsurance/strategic financial matters;
        2. Public Records Act exemptions for records related to claims, reinsurance, and strategic financial matters; and
        3. Technical amendments to optimize issuance of revenue bonds to meet future liquidity needs; and
        4. Other topics and priorities identified by the Council

4. **Governance Documentation:** Mr. Ladine will describe and seek Council approval of updates and amendments to the Articles of Governance.

5. **CPUC Process** – Chief Insurance and Claims Officer George Sittner will report on how the California Public Utilities Commission (CPUC) handles Catastrophic Wildfire Proceedings after an IOU-linked wildfire**,** with a focus on PG&E's pending cost recovery application related to the Kincade and Dixie Fires.

6. **Administrator's Operational Reports:** CEA Executive Staff will report on the following:

    A. Financial Report
    B. Enterprise Risk Management
    C. Claims Administration Update

7. **Council Discussion on 2027 Agenda Items:** Council member discussion regarding potential 2027 agenda items and desired informational presentations within or related to the Council areas of responsibilities.

8. **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.

9. **Adjournment.**

November 5, 2026

Item Name: Consent Calendar

Recommended Action: Approve All Items on Consent Calendar

Executive Summary

The items on the Consent Calendar identified and discussed in the attachments fall within the standing California Catastrophe Response Council approval practices for considering and approving matters that are routine and non-controversial. CEA staff believe all items are suitable for consideration on the Consent Calendar.

Consent Calendar Items:

A. Approval of Minutes - Review and approve the minutes of the May 7, 2026, and August 6, 2026, meetings of the Council.

B. Non-Material Updates to the CWF Investment Policy.

During the meeting, any of these items may be called off the Consent Calendar by a Council member for questions or discussion. CEA staff will be prepared to address any questions or concerns during the meeting. The Consent Calendar will be opened to public comment prior to the Council's vote, and the public will be invited to comment on any or all of the matters on the Consent Calendar.

Recommendation

Approve all items on Consent Calendar

November 5, 2026

Item Name: Meeting Minutes

Recommended Action: Approve Minutes of May 7, 2026, and August 6, 2026, Meetings

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Attached are draft minutes of the California Catastrophe Response Council (Council) meetings held on May 7, 2026, and August 6, 2026. CEA staff reviewed these minutes and determined that they accurately summarize and document the matters discussed and actions taken by the Council at these meetings.

CEA staff recommends approval and adoption of the draft minutes as the official record of the Council's May 7, 2026, and August 6, 2026, meetings.

California Catastrophe Response Council

MEETING MINUTES

Date: May 7, 2026

Time: 1:00 p.m.

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

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

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

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

Board Members Absent: None

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

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

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

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

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

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

   No Public Comment was received.

   Outcome: Motion passed by unanimous roll call vote.

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

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

SB 254 Highlights:

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

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

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

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

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

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

Council Discussion:

Before moving to Council comment, Chair Ghilarducci reiterated that CEA, as Administrator of the Wildfire Fund, was tasked with the SB 254 Study and that the Council was neither tasked with any authority or direction over the report. He further added that the council is receiving the briefing as observers noting that public comment is for the record but does not constitute council action.

In response to a question from Mr. Morton regarding risk-transfer and reinsurance as mentioned in the report, Mr. Hanzel replied that reinsurance is a tool that can be used when it has a net benefit. CEA currently purchases about $8 billion in reinsurance on the earthquake side and added that reinsurance was purchased early on for the Wildfire Fund but reinsurance, which is subject to market volatility, is currently not deemed cost beneficial.

Ms. Van Houten applauded CEA for the huge undertaking and effort taken to complete the report. She stated her concern regarding the process and specifically the Council's lack of ability to review the report in aggregate prior to it going to the legislature. She added that she read the majority of the ~80 stakeholder submissions available online but saw no clear methodology for how submissions were culled down into the specific options presented. Ms. Van Houten asked about the details of the process that led to why particular options were put forth and stressed the importance that the legislature and legislative staff are aware that there is a whole body of supplemental material. She closed by noting the report contains good content and strong options.

In response to Ms. Van Houten's questions, Dr. Johnson noted that with a submission deadline of December 10th, time was not on our side. Submissions were reviewed over the holidays and then work streams were developed for stakeholder engagement. There were two major team meetings: one at the end of January to summarize stakeholder engagement and to identify gaps in the process, and one at the end of February for option development. Options were then evaluated against three criteria: do they accelerate recovery, is there an equitable distribution of burdens, and do they mitigate damage? They were also assessed for being actionable, viable, and durable. Some options were cut for being too premature or not meeting the criteria.

Ms. Van Houten felt that it was a missed opportunity that the Council was not assigned as a reviewing body before the report was sent out.

Mr. Rosenstiel clarified that his and Mr. Ghilarducci's role on the Executive Steering Committee focused exclusively on process and timeline, not on content, and that neither had advance knowledge of the report's content. He stated he provided input as an individual and that the lack of feedback was a little frustrating, adding that Mr. Martinez could speak to that as well as since he represented the Department of Insurance- not as a Council Member. Mr. Rosenstiel described the report as a good basis for legislative conversation, not a perfect document. He cautioned against

looking backward to criticize the report, as it undercuts the path forward. He stated the council's role is narrow: overseeing a fund designed to keep utilities economically viable unless they acted with willful disregard. He closed by applauding the work given the short timeline and great scope adding that some of the issues were specifically requested by the legislature.

Chair Ghilarducci echoed Mr. Rosenstiel's sentiments and noted that in his 30+ years in state government, the last 10 in a couple of governor's cabinets, he has seen a lot of reports and processes. He acknowledged that the rollout was a little awkward, noting the compressed timeframe for such an effort and affirmed that the report is the start, not the end, of the policy journey.

Mr. Martinez began his remarks by noting his appreciation for the candor and reflection provided by other members of the Council and applauded the "Herculean" effort given the time constraints. He agreed the report could have been more fulsome with deeper, richer policy arguments with multiple perspectives. Mr. Martinez added that there was certainly going to be differences of opinion noting that there were several documents submitted to the Wildfire Fund by external stakeholders in hopes they would be incorporated into the report. Mr. Martinez reiterated that as a member of the steering committee, he represented the California Department of Insurance and the Insurance Commissioner and that the steering committee focused exclusively on process and timeline, not policy debate. He added that going forward, the appropriate venue for stakeholder input is through the legislative process. Mr. Martinez stated his primary concern is the reputation and credibility of the Wildfire Fund as it moves forward and emphasized the council's role under Government Code 8899.70 as the oversight body of the Wildfire Fund. He further stressed the importance of maintaining that credibility post-January 2025 wildfires

Public comments from Seren Taylor (Personal Insurance Federation of CA, PIFC), Jamie C., included concerns about utility cost recovery, cost shifting, subrogation, Sustainable Insurance Strategy treatment, utility accountability, punitive damages, and fossil fuel companies' role in climate change.

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

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

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

Eaton Fire:

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

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

Council Discussion:

In response to a question from Mr. Rosenstiel regarding how many compensation offers had been rejected, staff indicated that only a small number of offers have been rejected, though an exact figure was not available, some claims remain under review or involve follow-up questions and exceptions that require additional evaluation.

Mr. Rosenstiel questioned a reported notice from Southern California Edison (SCE) indicating it expected to pay more than $750 million related to the Eaton Fire, noting that the figure seemed low. Staff clarified that the $750 million threshold is simply a reporting requirement and notification trigger, not an estimate of total liabilities. SCE has not publicly provided a damage estimate and continues to state that losses are not yet estimable.

Ms. Rossman asked what share of affected properties had filed claims through the program. Staff explained that approximately half of the claims involve total losses, equating to roughly 1,500 destroyed properties, compared with more than 9,000 homes destroyed in the burn area. The remaining claims consist of partial-loss claims and smoke-and-ash claims, estimated at approximately 50% total loss, 10% partial loss, and 40% smoke-and-ash claims.

Staff also noted that, according to SCE's recent earnings report, there are approximately 1,500 lawsuits and 30,000 claimants, indicating that a substantial number of affected individuals have not yet resolved their claims through the compensation program.

Kincade and Dixie Fires:

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

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

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

Council Discussion:

Ms. Rossman sought clarification regarding a large $164 million claim for the Dixie Fire, identified with an asterisk and associated with Native American-owned land. Staff clarified that the amount is not limited to tribal claims. While it includes claims involving Native American-owned land, which often encompass large acreages and significant timber losses, the total also includes large timber claims, certain individual claims, and subrogation claims.

Mr. Martinez thanked staff for the additional information on the reasonable business judgment standard and noted that the Council had previously expressed interest in a deeper discussion of how that standard is applied in practice.

Key points raised by Mr. Martinez included:

- Need for objective oversight: Terms such as reasonable business judgment, fair evaluation, just and reasonable, and reasonable standards are important but inherently subject to interpretation. He questioned what objective mechanisms the Council has to verify that the Wildfire Administrator and participating utilities are applying those standards appropriately.
- Interest in denied claims data: Understanding the number of denied claims, the reasons for denial, and any emerging trends could provide valuable insight into whether claims are being handled consistently with the Council's guiding principles and claims administration procedures.
- Concern about claims handling practices: Issues such as the use of before-and-after aerial imagery and other claims evaluation methods that have generated consumer complaints and legislative interest.
- Desire for a “third check”: What additional review or accountability mechanisms exist to help the Council independently assess whether claims evaluations are fair, reasonable, and objective.

Staff explained that recent reporting enhancements, including the Wildfire Quarterly Certification, provide more detailed information about claims reviewed and claims requiring additional information or review. However, staff noted significant limitations on sharing individual settlement details because settlements are subject to privacy protections, signed confidentiality agreements, and mediation privilege requirements.

Chair Ghilarducci expressed concern that the Council's oversight responsibilities may require greater access to claims information. He questioned whether it was

appropriate for the Council to be restricted from reviewing such information and suggested obtaining a legal review to determine whether confidential briefings or closed-session discussions could be used to provide the Council with access to sensitive materials.

Staff agreed to bring the issue back for further discussion and legal review at a future meeting.

Ms. Van Houten questioned how claims through the Wildfire Recovery Compensation Program compare with claims resolved through traditional litigation.

Staff explained that there is currently insufficient data for a meaningful comparison, as there have been relatively few opportunities to evaluate outcomes across both processes. The Dixie Fire Community Recovery Program had limited participation and covered only a narrow range of claim types, primarily involving homes, personal property contents, and temporary displacement costs. The program also relied largely on standardized factors such as property square footage. Because of the small number of participants and the limited scope of eligible claims, staff indicated that the Dixie Fire experience does not provide a strong basis for comparison with litigation outcomes.

The Eaton Fire Recovery Program is generating a much larger volume of claims, with thousands of claims proceeding through the compensation process. As those claims are resolved, staff expects to be able to assess and compare outcomes between the compensation program and litigation more effectively.

B. Enterprise Risk Management

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

Key Highlights:

- No additional risks were identified as needing to be added or reprioritized.
- Cybersecurity and AI policy risks are emerging as critical industry risks with cybersecurity edging out climate and environmental risk for the first time in several years.
- In April 2026, CEA received a second annual SOC 2 certification.

- The SB 254 report no longer poses an execution risk; however reputational risk continues to be closely monitored due to high public expectations.
- Controls for SB 254 reputational risk include media monitoring, talking points, narrow outreach, and availability for technical assistance.
- Climate and environmental risk are affected by the frequency and severity of wildfires for which claims are paid.
- The 2019 articles of governance have not been refreshed and are possible candidates for review at the next Council meeting.
- Current law (the Bagley-Keene Open Meetings Act) provides only limited authority for the Council to discuss items, like personnel and litigation matters, in closed session. Current law does not authorize closed session discussions of confidential claims administration matters. The Council supported agendizing a discussion of Bagley-Keene Act issues at the next Council meeting.

Council Discussion

Mr. Martinez stated his concern that the Council lacks a sufficiently defined governance policy framework which, when viewed through a risk-management lens, could lead to legal, reputational, and organizational risk. Mr. Martinez highlighted the importance of ensuring the Council has a robust and appropriate governance structure and mechanisms in place to raise and address Council matters. Referring to the Council Member Pre-Briefs, he stated there appeared to be some confusion regarding the Council's authority to meet in closed session due to differing interpretations of the Bagley-Keene Open Meeting Act.

In response, Mr. Welsh noted that the Articles of Governance, adopted in 2019, which define the roles and responsibilities of the Council and Administrator, have not been formally reviewed or updated since its adoption. He recommended they be revisited and updated to clarify governance practices, agenda-setting procedures, Council operating rules, and other procedural matters. Regarding the Council's authority to meet in closed session he noted that the Council has limited closed session authority adding that as part of a governance review staff could provide a legal analysis outlining the Council's current authority and limitations, and if deemed too restrictive, the Council could consider pursuing legislative changes to expand that authority.

Mr. Martinez expressed his support for revisiting the Articles of Governance noting that the CEA Governing Board had previously obtained legislative authority to expand its closed session authorities. He emphasized that the Council's responsibilities have evolved significantly since the Articles of Governance were adopted in 2019, adding that a fresh review of the governance framework is both timely and necessary. Mr. Martinez invited feedback from the other Council members.

Mr. Rosenstiel agreed that the governance documents need review and highlighted another issue to consider. Depending on the financial condition of the Wildfire Fund and the extent to which it becomes depleted, debt may need to be issued which raises important questions regarding authority and oversight responsibilities, adding that the Council's role in debt-related decisions should be clearly defined as part of any review, adding that such future responsibility warrants proactive governance planning.

Chair Ghilarducci concurred with the need to review the Articles of Governance and stated that the Council has important oversight responsibilities.

Ms. Van Houten echoed her agreement.

Mr. Welsh thanked the Council for their comments and stated that a review of the Articles of Governance will be mutually beneficial.

C. Financial Report

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

Liquidity Support Program:

- Southern California Edison (SCE) and the CWF Administrator signed a Memorandum of Understanding on May 21, 2026, for a Liquidity Support Program related to the Eaton Fire. The program supports

SCE's financial stability by allowing the Fund to accelerate advance payments to SCE for early and reasonable settlement of Eaton Fire claims.

Financial Report Highlights:

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

No public comment was received.

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

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

Key Highlights:

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

Additional Notes:

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

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

No Public Comment was received.

Outcome: Motion passed by unanimous roll call vote.

6. **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.

7. **Adjournment**

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

California Catastrophe Response Council

MEETING MINUTES

Date: August 6, 2026

Time: 1:00 pm

Location: State Treasurer Office, 915 Capitol Mall, First Floor Board Room 121, Sacramento, CA 95814 & via Zoom/Teleconference (Meeting ID: 881 8162 3699)

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

Acting Chair Paul Rosenstiel called the meeting to order at 1:01 p.m. Ms. Johnson called roll and confirmed a quorum.

Panel Member	Attendance
Treasurer - Designee Khaim Morton	In Person
Insurance Commissioner - Designee Michael Martinez	*In Person
Secretary of Natural Resources - Designee Bryan Cash	In Person
Tracy Van Houten	In Person
Rhoda Rossman	In Person
Paul Rosenstiel	In Person
Catherine Barna	In Person

*Mr. Martinez joined at 1:43 p.m. after roll call and after approval of Agenda Item 3.

Board Members Absent: Mark Ghilarducci, Kathleen Ritzman

CEA Staff Present: Tom Welsh (Chief Executive Officer), Shawna Ackerman (Chief Risk and Actuarial Officer), Tom Hanzel (Chief Financial Officer), George Sittner (Chief Insurance and Claims Officer), Susan Johnson (Governance Liaison), Bret Ladine (General Counsel), Zerlinia Moore (Chief Administrative Officer)

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

2. **Minutes (Action):** Review and approve the minutes of the May 7, 2026, meeting of the Council.

The May 7, 2026 minutes were deferred to the November 5, 2026.

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

Chief Executive Officer Tom Welsh stated that SB 254 (2025) consolidated the prior two-report structure required under AB 1054 (2019) into a new annual report with an annual filing deadline of August 15th. The topics covered in the Annual Report include:

- Wildfire Fund Assets- Including AB 1054 and SB 254 Account Assets.
- Durability projections- Forecasts for the long-term sustainability of the Fund.
- Claims- Information on claims received and paid.
- Council and Administrator Actions- Summary of material actions taken.
- Winding-up plan- A plan for winding up the Fund if projections show assets will be exhausted within the next three years.

Mr. Welsh stated that current projections indicate Fund assets would not be exhausted within the next three years but added that a thoughtful wind-up plan and standby wind-up plan remain in development. He also stated that a redlined version with technical corrections is included for Council review.

No public comment was received.

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

No public comment was received.

Outcome: Motion passed by unanimous roll call vote.

4. **Wildfire Fund Administration Following the 2025 LA Wildfires:** CEA Executive Staff will report on and engage the Council in discussion on the evolving nature of Wildfire Fund administration and Council oversight following the 2025 LA Wildfires in light of the subsequent passage of SB 254 (2025, Sen. Becker; Asm. Petrie-Norris), which closed

the original fund created in 2019 under AB 1054 ("AB 1054 Fund") by cutting off its exposure to covered wildfires ignited after September 19, 2025, and created the SB 254 Continuation Account ("SB 254 Account") for covered wildfires ignited after September 19, 2025.

Mr. Welsh opened by acknowledging that communities impacted by the Los Angeles County wildfires, including Altadena, Pacific Palisades, Malibu and surrounding areas remain in recovery and emphasized the Council's oversight as critical to supporting effective administration of the Wildfire Fund. Mr. Welsh stated that the Eaton Fire, attributed to Southern California Edison (SCE), demonstrates the value of the Wildfire Fund framework established by the Legislature and Governor in 2019, adding that it has allowed SCE to address survivor losses without the overlay of a potential bankruptcy proceeding. He stated that the Fund now operates two segregated claim-paying accounts, the original AB 1054 account and the SB 254 account- both of which cover different qualifying periods.

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

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

Chief Financial Officer Tom Hanzel began his financial and asset management report by stating that the Fund received another clean audit opinion from external auditor Plante Moran. The audit confirmed that:

- Financial statements were prepared in accordance with accounting principles generally accepted in the United States.
- Cost allocation methodologies between the California Earthquake Authority and the Wildfire Fund are appropriate.

In response to questions from Council members, Mr. Hanzel stated that the Department of Water Resources (DWR) provides expense breakdowns by major categories such as Salaries, Overhead, Consultants, Legal Services, and IOU-related costs. DWR expense reporting is less granular than the Fund's internal allocation process which tracks staff time and overhead allocations.

Financial Report Highlights (as of June 30, 2026):

- Total Fund assets stood at just over $15 billion, reflecting approximately $1.6 billion growth year-over-year driven primarily by:
    - Non-bypassable charges
    - Investor-Owned Utility (IOU) contributions
    - Investment income
- Overall net position stands just above $14.1 billion with claim-paying capacity exceeding $21 billion.
- Loss and loss adjustment reserves totaled approximately $441 million, including approximately:
    - $144 million for the Dixie Fire
    - $2 million for the Kincade Fire
    - $295 million for the Eaton Fire
- Eaton Fire reserves are expected to increase substantially based on SCE filings.
- Non-bypassable charge revenues remain strong and are running slightly ahead of prior-year levels.
- First-half additions to the Fund totaled approximately $637 million.
- Deductions of about $375 million were primarily related to wildfire loss reserves, including increases to the Eaton Fire reserve.
- Net position increased approximately $261 million during the first six months of 2026.
- Claims payments of $172 million were lower than the first half expectation, with Dixie Fire activity slower than expected and anticipated to catch up by year-end.
- As of June 30, approximately $3.5 million of the $4.4 million budget for the SB 254 study has been spent, with the total expected to remain below the $4.7 million budget.

Investment Portfolio and Liquidity Management Highlights:

- In anticipation of future claim payments, portfolio duration has been shortened with assets shifted toward shorter-term Treasury securities to improve liquidity, reduce exposure to market volatility, and to minimize risks of investment losses when cash is needed.
- Average portfolio credit rating improved from AA to AA+.
- About $10.5 billion in Fund assets will mature within six months, and the Fund's highest priority continues to be the preservation of capital.

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Ms. Rossman remarked that despite the shorter durations, investment yields have remained relatively stable. Mr. Hanzel stated that shortening the portfolio duration has succeeded in balancing liquidity needs while preserving investment income.

Forward Looking Liquidity Management:

- The Fund's current cash position of approximately $600 million is expected to grow to approximately $14.3 billion over the next two years, before claim payments, due to investment maturities, non-bypassable charges, IOU contributions, and investment income.
- Future funding sources over the next 2 years include:
    - Expected growth in maturities from $3.2 billion to $10.5 billion
    - IOU contributions of $600 million
    - Non-bypassable charges of $1.7 billion
    - Interest income of $900 million.

Council Member Discussion:

Acting Chair Rosenstiel described the new forecast graph as extremely helpful and asked how much notice SCE may give before requesting money from the Fund.

Mr. Hanzel stated that the Liquidity Support Program is in place and that staff are working with SCE regarding advance notice of expected settlements and claims payments. He noted that while direct survivor payments have become more predictable, greater uncertainty remains around potential insurance subrogation settlements which could involve larger payment amounts. Current advance notice for the forward four weeks have high levels of certainty while forward months two and three have less certainty of the claim amount.

Acting Chair Rosenstiel asked about bond issuance preparedness should current cash be insufficient to meet payment requests.

Mr. Hanzel stated that staff have worked with the Treasurer's Office, the Department of Water Resources, Bond Counsel, Disclosure Counsel, and Municipal advisors to reduce the lead time needed to issue debt by about three months to six months plus a day. SCE is also aware that without sufficient notice for bond issuance, the Liquidity Support Program cannot be supported. Mr. Hanzel added that there is also the possibility of beginning the debt issuance process earlier- six to

twelve months out, completing most steps, and holding final execution until needed.

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

Chief Insurance & Claims Officer George Sittner provided an update on the Eaton Fire and Liquidity Support Program, the Kincade and Dixie Fires, and PG&E's CPUC recovery proceeding.

Eaton Fire:

- The Eaton Fire, attributed to SCE, ignited on January 12, 2025, in the Eaton Canyon area of Altadena, CA. It burned 14,000 acres and destroyed 9,400 structures.
- Cal Fire and Los Angeles County Fire determined the fire was caused by electrical arcing events that occurred on an out-of-service SCE electrical tower. This followed an announcement from SCE early on that a dormant tower likely caused the fire.
- The Administrator received notice from SCE on September 12, 2025, that Edison's claim settlement resulting in dismissal of litigation made the Eaton Fire a "covered wildfire" under Public Utilities Code §1701.8(a)(1).
- On May 23, 2026, SCE provided written notice, as required in the Procedures, that they were reaching $750 million in settlement claims.

CWF Claims Administration:

- SCE, Sedgwick, and CEA as the Administrator, have been meeting frequently to discuss the claims review process, our expectations, and how the reimbursement request process works.

Subrogation:

- SCE has settled two subrogation claims for approximately $0.55 on the dollar.

Wildfire Recovery Compensation Program (WRCP):

- SCE launched their WRCP on October 29, 2025. It is a voluntary program where claimants may file claims online
- As of July 16, 2026, the WRCP has
    - Received 3,900 claims involving 12,000 individuals, trusts, or legal entities.
    - 50% total losses, 45% smoke and ash, and 5% partial losses.
    - Over 2,100 offers have been extended to more than 5,200 claimants, totaling almost $750 million.
    - 2,100 claimants have been paid (917 claims) for more than $314 million.
    - 31% of claims have been submitted by plaintiffs' attorneys.

Liquidity Support Program:

Mr. Sittner stated that SCE advised the Administrator that they are about to reach the threshold amount of $1 billion in paid claims, with approximately 37% in WRCP payments and about 63% in subrogation claims. As a result, the Liquidity Support Program has been enacted.

- Sedgwick, CEA, and SCE regularly communicate regarding payment cadence for SCE and when they will reach the billion-dollar threshold. The first liquidity support payment of just under $100 million to SCE is expected within the week, with future requests expected every Monday.
- A very good process is in place, and the program will save ratepayers money.
- Claim tracking under the program is designed to avoid double payment and identify claims for possible repayment if later determined not to be reimbursable.

In response to a question from Mr. Cash, Mr. Sittner clarified that no liquidity support payments have yet been made to SCE as they have not yet exceeded the billion-dollar threshold. SCE is expected to reach that threshold in the next few days and once that happens, payments over that amount will begin.

Mr. Sittner stated that the California Department of Insurance (CDI) has informed the CWF that more than $8 billion dollars in subrogation claims have been made by admitted insurers and the Fund will require quite a bit of notice for those claims.

Regarding the subrogation claims, Mr. Sittner stated that SCE is using an outside auditor to audit a large percentage of the subrogation claims to ensure that they are properly settled.

Ms. Rossman stated that the subrogation settlements of $0.55 on the dollar were less than the original durability projections in the $0.60 cent range when the Fund was set up. Mr. Sittner agreed.

In response to a question from Ms. Van Houten regarding claim-paying capacity (CPC), Mr. Hanzel stated that CPC stands at over $21 billion, with possible scenarios of $22 billion or $23 billion depending on rates, timing of debt-issuance, and outflows. Ms. Van Houten asked that current Claims-Paying Capacity be provided at each meeting.

Mr. Cash asked how much of the CPC may be paid out for the Eaton Fire. Mr. Sittner stated that the amount ultimately paid out for the Eaton Fire is not yet estimable as total Eaton Fire losses remain within a wide range and is expected to take years to determine.

Ms. Rossman stated that the Annual Report contains many metrics on wildfire insured loss estimates and that Mr. Hanzel had, at one point, explained to her how to estimate what those wildfire claims may be, but it is complicated and there are many variables that could distort the numbers.

In reply, Mr. Hanzel said estimating is complicated because you have the insured subrogation losses which were 55% for the first two, but will that number remain at 55% or change? So, the net after the subrogation rate is part of what we have to pay. We must also estimate the volume of underinsurance which is very difficult and varies by community. There are also fire suppression losses which for the two fires that week involved about 14,000 firefighters, planes, and fire retardants. Municipalities could have additional expenses, all of which total a very large number. One rule of thumb is to then take the gross insured loss number and double it to get an idea what the gross overall loss could be. Mr. Hanzel cautioned that estimates vary by fire and because this was such a large and unique fire that the ultimate loss will not be known for years.

Mr. Sittner confirmed Ms. Van Houten's understanding that October 1, 2026 will mark the one-year date for the WRCP. He added that the program is scheduled to retire in November, with no known decision to extend it. Regarding a homeowner

group litigation trial scheduled for January, Mr. Sittner stated the first bellwether trial is set for January 25, 2027.

Acting Chair Rosenstiel asked if subrogation claims will be settled earlier than individual and public entity claims. Mr. Sittner stated that subrogation claims should be settled soon and that individual claims will begin to be settled after the January bellwether.

Regarding the Kincade and Dixie Fires, Mr. Sittner stated that Kincade Fire public entity claims were $100 million and subrogation claims were $376 million or about 28.5% of total money spent on the fire. Dixie Fire subrogation claims were about 10% of total spent on the fire.

PG&E Application for Cost Recovery – Dixie and Kincade Fires

- On November 14, 2025, PG&E filed an "Application for Review and Recovery of Costs Associated With the 2019 Kincade Fire and 2021 Dixie Fire under AB 1054" with the California Public Utilities Commission (CPUC).
- The upcoming CPUC proceeding is to determine if PGE's conduct related to covered wildfire was prudent and reasonable and if the costs for paying, resolving, or defending claims are just and reasonable.
- Results of the CPUC proceeding should be resolved on November 13, 2026.

Council Discussion:

In response to Council member requests for greater understanding of the CPUC process as it relates to the Fund going forward, Mr. Sittner replied that the CPUC proceeding is being monitored and interim reports will be provided if material developments occur before the November meeting.

Acting Chair Rosenstiel asked what impacts could be expected if the CPUC approves or denies PG&E's request.

Mr. Sittner stated that full or partial imprudence could require reimbursement to the Fund, while prudence would result in no reimbursement. Mr. Welsh added that PG&E's statutory reimbursement cap is approximately $3.4 billion, but any claw back would be limited to amounts actually paid by the Fund, which is a little over $2 billion for the two fires. The reimbursement cap is based on 20% of the transmission

and distribution equity rate base; for the Eaton Fire, maximum reimbursement years down the road is estimated at a little less than $4 billion.

B. **Operationalizing the SB 254 Account:** CEA executive staff will report on the planning and timing of initiating capitalization of the SB 254 Account, including:
   i. **Overview of the Capitalization Process and Timing** – Discussion focused on the statutory capitalization process for the SB 254 Account, including available funding triggers, timing considerations, and the 2028 deadline for initiating capitalization.

General Counsel Bret Ladine and Mr. Welsh provided an update on activities related to the implementation and administration of the SB 254 Account.

- The original AB 1054 account has been closed to new wildfire events and is now limited to covered wildfires that occurred before September 19, 2025.
- The SB 254 account currently exists, and participating utilities have notified the CPUC of their intent to participate, but the account remains uncapitalized.
- There are two statutory funding triggers that can initiate capitalization of the SB 254 Account:
    1. A solvency trigger (section 3299.1(a)(1)) which is based on the Fund's overall financial trajectory and the determination that absent additional contributions, the Fund would require a wind-up plan under section 3283. This path does not depend upon a wildfire event.
    2. A wildfire-notification trigger is initiated when an IOU notifies the Administrator that it reasonably expects eligible claims from a covered wildfire.
- As there has not been a wildfire-notification trigger on the SB 254 Fund, the mechanics to capitalize the Fund have not occurred.
- As noted in the statute, the Administrator must act on one of the two funding triggers by the end of 2028 at which point the authority to do so lapses.
- Funding sources of approximately $18 billion in claim-paying capacity include utility contributions of $9 billion ($300 million/year from 2029 to 2045), $9 billion in non-bypassable ratepayer charges collected from 2036 to 2045, and $3.9 billion callable by the Administrator.
- The mechanics for executing IOU funding under the solvency trigger will start a CPUC rulemaking proceeding that will take approximately 6 months.

Discussions are underway to determine when to begin those administrative steps.

Mr. Welsh noted the importance of Council awareness of the statutory process and that conversations regarding appropriate timing are underway. He added that utility companies may be asked to participate in those discussions, adding that the sunset at the end of 2028 was partially driven by the SB 254 report and that SB 254 was intended to serve as a temporary or "stopgap" measure while policymakers consider broader, long-term solutions for wildfire and natural catastrophe resiliency financing.

He added that the original AB 1054 Fund's approximately $21 billion claim-paying capacity was anticipated to last significantly longer than it ultimately did, which has informed discussions about the durability of the SB 254 framework.

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

Mr. Hanzel provided an overview of efforts to prepare the SB 254 Account for potential funding and liquidity needs.

- Preparatory work is underway to maximize the SB 254 Account's claim-paying capacity and to reduce financing and execution risks should the account need to respond to future wildfire claims.
- Should a covered wildfire arise prior to the start of contributions by the IOUs in 2029 and NBCs in 2026, a debt issuance would need to be executed for account capitalization and payment of claims.
- Staff have been collaborating with the Treasurer's Office, DWR, bond counsel, disclosure counsel, and municipal advisors to evaluate financing structures and funding options for the SB 254 Account.
- The financing team has been working on a set of recommendations for legislative "clean-up" language intended to provide greater clarity and reduce uncertainty associated with future financing transactions.
- Proposed clarifications would also further distinguish funding and debt obligations associated with the AB 1054 and SB 254 accounts, providing greater certainty for investors and financing markets.

Council Member Discussion:

Ms. Rossman asked whether any funds remaining in the original AB 1054 account could be transferred to the SB 254 account once AB 1054 obligations are satisfied.

Mr. Welsh responded that although the statutory language is not entirely clear, the current interpretation is that excess funds would likely flow to the SB 254 account because both accounts exist within the same California Wildfire Fund.

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

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

Mr. Welsh and Mr. Ladine provided an overview of the limitations of the Bagley-Keene Open Meeting Act as it relates to the Council's oversight responsibilities and whether the Council should pursue legislative changes to allow limited closed-session discussions involving confidential claims information, survivor privacy, and other sensitive matters.

Key Highlights:

- AB 1054 (2019) and SB 254 (2025) did not establish closed session authorization review of confidential claims-related information under the Bagley-Keene Open Meeting Act and there is no corresponding exemption under the California Public Records Act.
- The Council cannot legally discuss individual, non-aggregated claim settlements in closed session while reviewing them in open session would trigger an involuntary waiver of privilege.
- These obstacles prevent the Council from fully undertaking its claims-administration oversight responsibilities, to the frustration of both the Administrator and the Council.
- A recommendation was sought to:

- Work with the Legislature to create broader closed session authority to facilitate robust Council oversight of claims administration; and to,
- Protect survivor privacy and IOU proprietary information that is essential to the IOUs' exercise of reasonable business judgement in settling claims.

Council Member Discussion:

Mr. Martinez expressed support for pursuing expanded closed-session authority and related Public Records Act protections, noting the Council's ongoing interest in strengthening oversight of claims administration while protecting the privacy of wildfire survivors and their claims information. He thanked Mr. Welsh for bringing forward these issues for the council to continue to maintain healthy oversight of the work being done.

Acting Chair Rosenstiel agreed in pursuing expanded closed-session authority and Public Records Act protections and suggested the Council also consider seeking authority to discuss reinsurance matters in closed session, similar to authority previously granted to the CEA.

Mr. Ladine stated that the Council's oversight responsibilities involve access to information that is often confidential in nature, creating unique challenges under current Bagley-Keene requirements.

Similar concerns were voiced about the Public Records Act, noting the absence of a specific exemption tailored to the Wildfire Fund's confidential claims and financial information, specifically regarding policyholders.

Mr. Welsh emphasized survivor privacy as a primary concern, noting that wildfire survivors should not be required to sacrifice the confidentiality of their claims information because of the Fund's oversight responsibilities.
Reinsurance and public finance debt were identified as potential closed-session topics because public discussion could expose strategic information to counterparties; reinsurance could become a more meaningful part of SB 254 claim-paying capacity if markets and pricing cooperate.

Mr. Martinez and Ms. Van Houten expressed support for pursuing legislative changes to expand closed-session authority, including discussions related to

claims administration, survivor privacy, utility proprietary information, reinsurance, and Public Records Act protections.

Motion: Ms. Van Houten moved to approve; Ms. Barna moved to second.

No public comment received.

Outcome: Motion passed by unanimous roll call vote.

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

CEA staff and Council members discussed updating the Council's 2019 Articles of Governance to reflect changes resulting from SB 254 and to identify opportunities to strengthen Council oversight, governance processes, and operational effectiveness. The review seeks to identify gaps, enhance effectiveness, support oversight, and conform the articles to SB 254.

Council Member Discussion:

Mr. Martinez supported the review, noting that the Council's oversight role has evolved significantly in recent years, particularly following major wildfire events and the implementation of SB 254.

Ms. Van Houten recommended examining the Council's role within the broader network of state agencies, boards, and organizations involved in wildfire response, resilience, and insurance-related matters.

Council members expressed interest in better understanding which entities are responsible for specific issues and how coordination among organizations can be improved while maintaining clear oversight boundaries.
Other suggestions were made to create a map of all entities including the Office of Energy Infrastructure Safety, CPUC, DWR, and the Treasurer's Office.

Mr. Welsh followed up in agreement of developing an "ecosystem map" identifying the various agencies and organizations involved in wildfire-related activities, including where the Council fits within that structure.

No public comment received.

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

   Key Highlights:

   - Reputational risk related to the SB 254 report remains elevated even though the report has been delivered.
     - Public-facing messaging critical of CEA and its SB 254 study work had decreased, coinciding with forward motion in the legislative process; reputational risk was generally trending downward but could increase depending on how events proceed.
     - IT Systems and Data Security: The Information Security team implemented a new Governance, Risk, and Compliance platform in July.The platform provides automated risk tracking and accountability and significantly enhances operational security maturity.
   - The Risk and Compliance Committee conducted an internal audit last quarter and reviewed the agency staff recruitment process. Minor changes were noted, including an update to the charter that makes clear any conflicts of interest that need to be addressed.
   - Required staff trainings were generally completed on time, including ethics training during the last quarter.

No public comment was received.

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

   Council Member Bryan Cash thanked the Council for completing the Annual Administrator Survey and for providing rating, comments, and areas of focus for the CEA's performance as Administrator of the Wildfire Fund during 2025.

   Survey Results (Overall Scores by Category – Average):

   - The Administrator received a 4.4 average across all categories.
   - Leadership & Culture: 4.3

- Financial Leadership: 4.9
- Strategic Development: 4.3
- Council Relations: 4.3
- Council Governance & Compliance: 4.5
- Claims Administration: 4.3
- Enterprise Risk Management: 4.6
- Stakeholder Engagement: 4.3
- Overall Evaluation: 4.5

Mr. Cash stated that overall, the Council felt that CEA was doing a good job as the Administrator. He added that although this is an annual review, he recognized that CEA had been tasked with a lot over the previous 18 months and commended CEA for stepping up when times were tough.

Mr. Welsh thanked Mr. Cash and added his appreciation for the work that Mr. Hanzel, Ms. Ackerman and others do to support the effort. He then thanked the Council for their feedback, especially regarding areas of disappointment such as the highly controversial and fraught process of bringing the SB 254 study, which involved bringing disparate and controversial ideas to the Legislature, the Governor, and policymakers for consideration.

Mr. Welsh stated that feedback received provides opportunities for discussion and response and cited the Articles of Governance and legislative statutory framework discussions as being driven by Council oversight. He affirmed CEA's continued focus on areas identified for improvement adding that CEA is committed to the sound execution of our responsibilities as Administrator of the Wildfire Fund.

Acting Chair Rosenstiel thanked the staff for a job well done and Mr. Cash for managing the evaluation process that year.

No public comment received.

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

Mr. Welsh stated that the proposed 2027 meeting dates follow the same month and week structure as those in 2026 and recommended they be placed on calendar for planning

purposes. Dates are subject to change, and additional meetings may be added as needed. The proposed 2027 meeting dates are February 4th, May 6th, August 5th, and November 14th.

8. **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 received.

9. Adjournment.

Acting Chair Rosenstiel adjourned the meeting at 3:15 pm.

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November 5, 2026

Item Name: Non-Material Updates to the CWF Investment Policy

Recommended Action: Approve Non-Material Updates

Background

The current CWF investment policy was adopted on June 22, 2020. As a result of the Eaton fire, the CWF has repositioned a significant portion of the portfolio to build liquidity – as of September 30, 2026, the CWF has $10.1 billion of its total $14.9 billion in market value maturing over the next five months. Therefore, the CWF has a significant number of securities maturing daily. The original trade reporting requirement was creating a timing issue where investment managers would occasionally need to utilize the overnight Treasury money market fund sweep account rather than reinvesting those securities on the same day.

Key Focus Area:
Change the trade reporting time requirement from 10:00 A.M. Pacific Time to 11:00 A.M. Pacific Time for same day settlement or 12:00 P.M. Pacific Time for next day settlement. All other changes are clarifications or clean up items. These changes are being proposed to ensure operational alignment without altering the core risk return framework.

Analysis

In order to allow for more flexibility for investment managers to reinvest maturing securities and generate incremental investment earnings, staff recommend changing the trade reporting time requirement from 10:00 A.M. Pacific Time to 11:00 A.M. Pacific Time for same day settlement or 12:00 P.M. Pacific Time for next day settlement.

All other proposed changes are either clarifications or clean-up items with no substantive changes, such as updating the most recently approved date that California Government Code Section 16430 was revised.

Recommendations

The proposed investment policy changes will increase investment returns while preserving principal and liquidity. The attachments are as follows:

- Attachment A is the current investment policy reformatted to run the redline comparison against the proposed policy.
- Attachment B is the clean proposed investment policy.

Staff recommend, consistent with the recommendation of CWF's independent financial advisor, that the Council approve amending the CWF's Investment Policies and Guidelines, and adopt the Investment Policies and Guidelines as set forth in Attachment B.



Attachment A - Current Investment Policy Reformatted for Redline

California Wildfire Fund

Investment Policy

Adopted: June 22, 2020
Revised: November 5, 2026

DEFINITIONS

"Applicable Laws and Regulations" or "Legal Restrictions" means California Public Utilities Code sections 3281, subdivision (C) and ~~section~~ 3284 subdivision (e) for un-invested monies, and California Government Code section 16430, ~~Wildfire Fund section 3284 (e)~~, as well as any amendments or successor provisions to those sections.

"Business Day" or "Business Days" means a day or days other than Saturdays, Sundays, or state holidays.

"California Wildfire Fund" means the Wildfire Fund created pursuant to California Public Utilities Code Section 3284. ~~for California Wildfire Fund~~

"Covered Wildfire" means any wildfire ignited on or after ~~effective January~~ July 12, 2019, that meets the requirements of California Public Utilities Code Section 1701.8, including that it was either caused by an electrical corporation as determined by the governmental agency responsible for determining causation, or was asserted to have been caused by an electrical corporation and results in a court-approved dismissal resulting from the settlement of third-party damage claims.

"Daily" refers to Business Days.

"Investment Consultant" means a firm contracted by the Wildfire Fund to provide as needed investment analysis for the Fund and to provide services related to selection and oversight of the Fund's Investment Managers.

"Investment Manager" means a firm or firms contracted by the Wildfire Fund to invest monies on its behalf, in accordance with all Applicable Laws and Regulations and the Wildfire Fund's Investment Policy.

"Investment" refers to a Security purchased for, and owned by, the Wildfire Fund.

"Modified Duration" is the average length of time to receive the present value of bond cash flows.

A “Security” is a financial instrument before it is purchased for, or owned by, the California Wildfire Fund.

“Wildfire Fund Portfolio” or “Portfolio” means the investment portfolios of the Wildfire Fund.

BACKGROUND

The California Wildfire Fund (“CWF” or “Wildfire Fund”) is a statutory fund segregated from and independent of the California Treasury, and was created under California Public Utilities Code section 3284 in July 2019. The California Earthquake Authority, a ~~governmental~~ public instrumentality ~~for~~ of the State of California, ~~-~~serves as the ~~in its statutory capacity as an~~ Administrator ~~for~~ of the Wildfire Fund. The Wildfire Fund holds a number of dedicated accounts, completely independent and separate from the California Earthquake Authority’s accounts.

PHILOSOPHY

The CWF is a legislatively created Fund to provide reimbursement to its participating utility companies for third party damage claims resulting from Covered Wildfire l~~L~~osses. The administrator has set forth the following prioritized goals:

1) Safety and preservation of principal;
2) Liquidity, so that claims can be paid in a timely manner; and
3) Competitive returns (yield).

As ~~a public instrumentality, created by act of the California state government, the~~a statutorily-created Fund, the Wildfire Fund discloses much of its operations and investment activity. The integrity of the Wildfire Fund’s investment activities should be above that of private sector organizations conducting comparable business operations. Therefore, the Wildfire Fund has the social, ethical, and environmental obligation to require that Investments made on its behalf and held in its accounts ~~be~~ are in corporations and entities that meet a high standard of conduct in their operations. Still, the investment of the Wildfire Fund’s assets should appropriately reflect sound judgment that each Investment will produce an attractive rate of return, within the bounds of all Applicable Laws and Regulations and ~~these~~ this Investment Policy.

PRINCIPLES

After the primary goals of safety and preservation of principal and attention to appropriate liquidity requirements are met, rate of return must be considered. Safe and prudent investment management will be the primary and underlying criterion for the selection of Securities and retention and disposition of Investments.

Non-economic factors will supplement profit factors in making investment decisions. Non-economic factors are defined as those considerations not directly related to providing for the safety of principal, maintaining adequate liquidity, and maximizing income, but which seek to

ensure that in making or holding its Investments, the Wildfire Fund does not, either through action or inaction, promote, condone, or facilitate social or environmental injury.

Social or environmental injury may be said to exist when the activities of a corporation serve to undermine basic human rights and dignities, or when the Wildfire Fund Administrator perceives that the practices of a corporation result in undesirable side effects for others and that those side effects are substantial in nature. Side effects that may be deemed undesirable and substantial include, but are not limited to, the following:

A. Subject to current federal, state, and local law, any practice that is known to endanger, directly or indirectly, human health or the environment:

B. Practices that result in the suppression of human rights, including:

1) The sale of weapons and technology to governments known to engage in the systematic suppression of human rights; and

2) The sale of goods to, or the purchase of goods from, countries known to employ forced labor.

C. Practices that endanger human health, including:

1) The sale and distribution of known contaminated products;
2) The sale and distribution of dangerous drugs; and
3) The sale of goods to, or the purchase of goods from, companies known to disregard worker safety.

Investments shall not be selected or rejected based solely on non-economic factors. In general, non-economic factors, to the extent known after reasonable investigation, should be considered after all relevant financial criteria and Legal Restrictions have been satisfied.

The Wildfire Fund Portfolio will be managed to ensure the safety of the Portfolio by investing in high-quality fixed-income Securities with limited durations.

PRUDENT INVESTOR STANDARD

In addition to complying with the Investment Policy and all Applicable Laws and Regulations, all Wildfire Fund Investments and evaluation of such Investments shall be made with regard to the "prudent investor" standard of care, that is, with the care, skill, prudence, and diligence under the circumstances then prevailing, that persons of prudence, discretion, and intelligence exercise in the professional management of their business affairs, not for speculation, but for investment, considering the probable safety of their capital, including liquidity of the Investment, as well as the probable income to be derived.

ETHICS, AVOIDANCE OF CONFLICT OF INTERESTS, AND COMPLIANCE WITH INVESTMENT ADVISERS ACT OF 1940

No officer or employee of the Wildfire Fund, or of any firm contracted with the Wildfire Fund involved in the investment of the Wildfire Fund Portfolio, shall engage in any personal or business activity that may conflict with proper execution of the Wildfire Fund's investment program or that may impair his or her ability to make impartial investment decisions for the Wildfire Fund. Any personal investments in entities that do business with the Wildfire Fund, either by contract or where the Wildfire Fund has Investments with that entity, shall be disclosed as required in regulations of the Fair Political Practices Commission (using its Form 700, which shall be filed according to law) and the ~~Wildfire Fund's~~California Catastrophe Response Council's Conflict of Interest Code.

The Wildfire Fund's Investment Consultant and Investment Managers shall ensure that they are registered with, and comply with the rules, advice, rulings, and regulations of, the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940 that is licensed to choose investments for clients. The CWF's Investment Consultant and Investment Managers shall procure and fully and currently maintain the permits and licenses, if any, necessary to advise the Wildfire Fund on investments and to make investments on the Wildfire Fund's behalf.

PERMISSIBLE INVESTMENTS

~~In accordance with Division 1 of the~~ Public Utilities Code Section 3281 ~~subdivision~~(c) requires the Wildfire Fund Administrator to invest the moneys in the Fund in those securities eligible under Section 16430 of the California Government Code. Public Utilities Code Section ~~(c), and~~ Section 3284 ~~subdivision (2), paragraph~~ (e) provides that uninvested moneys in the Fund may be deposited from time to time in financial institutions authorized by law to receive deposits of public moneys or, with the approval of the Treasurer, the Surplus Money Investment Fund. ~~, for un-invested monies.~~

Investments made by the investment managers on behalf of the Wildfire Fund shall be made in compliance with California Government Code section 16430, as section 16430 is in effect at the time the Investment is made. California Government Code section 16430 may be amended from time to time, and the Wildfire Fund's Investment Managers shall be responsible for being aware and informed of any amendments to section 16430 and to all Applicable Laws and Regulations. As of January 1, 2027 ~~2017~~, California Government Code section 16430 is provided in its entirety in Exhibit A.

The Wildfire Fund's Portfolio may be invested in any of the following securities listed below and detailed in the Permitted Investments section:

- Treasury securities including TIPS and Floating Rate Notes;
- Federal Agency securities including Floating Rate Notes;
- Other Agency securities;
- International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the International Finance Corporation ("Supranationals");
- Commercial Paper;
- Certificates of Deposit;
- Bankers Acceptances; and

- Corporate Bonds/Notes and Floating Rate Notes

All investments must comply with both Applicable Laws and Regulations and ~~the CWF's~~this Investment Policy and any un-invested moneys in the Portfolio may be held un-invested pending cash investment, distribution, resolution of a dispute, or for other operational reasons and may be deposited in the associated sweep account prior to the Fed wire cutoff time. Any remaining un-invested monies after the Fed wire cutoff time will be invested by the custodian in the Wildfire Fund's designated account, or in such other account as designated by the CWF in future.

COMPLIANCE

The Investment Policy, and all Applicable Laws and Regulations, shall be observed by the Wildfire Fund's Independent Investment Consultant and acted on by all Investment Managers in the course of their administration of Wildfire Fund investments. The Investment Policy is subject to continual monitoring and review by the CWF Administrator.

A trade executed for the Wildfire Fund's Portfolio shall be deemed to be in compliance with the Investment Policy if, as of the trade date, the trade met both (A) the requirements of ~~the~~ this Investment Policy and (B) all Applicable Laws and Regulations. Notwithstanding, however, the deemed trade-day compliance of any individual trade, if at the close of any day any fund maturity or duration exceeds the limit stated in the Investment Policy or the ratings are below the minimum ratings requirement as stated in the Investment Policy, the Investment Manager must, within one business day, consult with the Administrator for the CWF in order that the CWF in its sole discretion, may provide a directive to correct maturity or duration limit or any other action needed for correction of ratings downgrade; if the A~~a~~dministrator (or his or her designee) provides no such directive, the Investment Manager must bring the exceeded maturity or duration limit or ratings back into compliance with the Investment Policy as soon as reasonably possible.

The Wildfire Fund will perform daily quality-assurance checks of the Portfolio (or portion of a Portfolio in the case where an Investment Manager is managing a defined portion of a Portfolio) to ensure compliance with the Investment Policy and with all Applicable Laws and Regulations. If the Wildfire Fund becomes aware of any noncompliance with the Investment Policy, the Wildfire Fund will contact the Investment Manager immediately to discuss the situation so that the Wildfire Fund may determine the appropriate actions to be taken by the Investment Manager and Wildfire Fund to bring the Portfolio into compliance within three business days; if an Investment Manager or the Investment Consultant becomes aware of any noncompliance with any Investment Policy, it shall contact the Wildfire Fund immediately to discuss the situation so that the Wildfire Fund may determine the appropriate actions to be taken by the Investment Manager and Wildfire Fund to bring the Portfolio into compliance.

The performance by the Wildfire Fund of a Daily quality-assurance check does not relieve any Wildfire Fund Investment Manager of its respective independent duties to ensure that all Investments made and held for the Wildfire Fund comply with the Investment Policy and all Applicable Laws and Regulations at all times. The Wildfire Fund's failure to discover, or failure to report the discovery to the Wildfire Fund's Investment Consultant or Investment Managers

(or any of them), of any noncompliance, does not constitute (A) the Wildfire Fund's acceptance or ratification of that noncompliance or (B) any waiver by the Wildfire Fund of its right to require compliance by Investment Managers with the Investment Policy and all Applicable Laws and Regulations.

RATINGS, MATURITY & DURATION

- Treasury securities with a maximum maturity of up to 12 years;
- Federal Agency securities, other Agency securities with a maximum maturity of up to 12 years;
- Supranationals with a maximum maturity of up to 12 years;
- Commercial Paper with a maximum maturity of up to 270 days;
- Certificates of Deposit with a maximum maturity of up to 360 days;
- Bankers Acceptances with a maximum maturity of up to 270 days; and
- Corporate Bonds/Notes with maximum maturities of up to 12 years and no more than 25% of maximum corporate allocation may have maturities greater than 10 ybears but less than 12 years, ratings from at least two of three rating agencies of at least:
    - "A-" from S&P, "A-" from Fitch, or "A3" from Moody's for long-term securities (securities rated "A-"/"A3", "A"/"A2", "A+"/"A1" should be not represent more than 30% of the total portfolio)
    - "A-1" from S&P, "F-1+" from Fitch, or "P-1" from Moody's for short-term securities

The Portfolio shall have a maximum Modified Duration of no greater than 7.0 years.

The "maximum maturity" requirement summarized above and listed in detail in the table in the Permitted Investments section is defined as the number of days from trade date to maturity date, including the trade date but excluding the maturity date.

COMPOSITION

- Treasury securities should represent at least 40% of the portfolio;
- Federal Agency and Other Agency securities and Supranationals should not represent more than 20% of the portfolio with no one agency representing more than 5% of the portfolio; and
- Corporate securities should not represent more than 40% of the portfolio (including Certificates of Deposit, Commercial Paper, and Banker Acceptances) with a 2% issuer limit

CUSTODY

All Wildfire Fund Investments shall be secured or held at all times by a custody bank.

UNINVESTED CASH

Each Investment Manager shall seek to minimize the amount of cash remaining at the end of a Business Day that is not invested in a manner consistent with the Investment Policy.

Any un-invested moneys in the Portfolio may be held un-invested pending cash investment, distribution, resolution of a dispute, or for other operational reasons and may be deposited in the associated sweep account prior to the Fed wire cut off time. Any remaining un-invested monies after the Fed wire cutoff time will be invested by the custodian in the CWF's designated account, or in such other account as designated by the CWF in the future.

NEGATIVE YIELDS

The Investment Managers are encouraged to hold cash until an allowable Security with a positive yield becomes available. The Investment Managers must notify the Wildfire Fund when yields are negative.

MINIMUM TRADE RETURN

Subject to guidance from the Wildfire Fund, Investment Managers should not execute a trade if the expected return is less than the cost of executing the trade. If any Investment Manager believes that circumstances warrant making such a trade, it must contact the CWF.

INVESTMENT GOALS

Consistent with the Wildfire Fund's published Investment Philosophy, and in order of priority, the Wildfire Fund's investment goals are:

1) Portfolio Safety
   Under this Investment Policy, the Portfolio shall contain a sufficient number with multiple maturity dates of securities so that a reasonable portion of the Portfolio can be readily converted to cash at a price closely approximating amortized cost.

2) Liquidity
   The Portfolio shall be managed to ensure that the Wildfire Fund's usual cash needs to pay eligible claims can be met; if unforeseen cash needs arise, the Wildfire Fund's Administrator or another individual designated by the Wildfire Fund will work with individual Managers when needed to plan to meet liquidity requirements.

3) Rate of Return
   Investments shall be made in such a way as to realize the maximum return consistent with the principles of prudence expressed in the Wildfire Fund's Investment Philosophy and these Guidelines.

The investments in the Portfolio are primarily buy and hold but investments may be sold to:

- Provide liquidity, and
- Purchase an Investment that better meets the current needs of the Portfolio, after notification to and consultation with the CWF.

REPORTING

~~Each Investment Manager shall report to the Wildfire Fund, via email by 9:00 a.m. Pacific Time each Business Day, the previous day's holdings in the Fund, or a portion of the Fund, under its management.~~

~~For each Investment it makes, T~~the Investment Manager shall make all trades by 11:00 am ~~transmit to the Wildfire Fund, via email sent by 10:00 a.m.~~ Pacific Time for same day settlement or 12:00 noon Pacific Time for next day settlement ~~on the trade date, a copy of the trade ticket generated for that Investment transaction~~. ~~Wildfire Fund will use this trade ticket in the Daily quality assurance process and to update Wildfire Fund's investment accounting system and other trade-related information as requested by the Wildfire Fund's Administrator, or another individual designated by the Wildfire Fund~~ . and send all trade ticket ~~—~~information electronically to the CWF Trustee and Investment Analytics and Compliance Software provider.

Each Investment Manager shall compile a monthly report of the Portfolio, or a portion of the Portfolio, managed by the Investment Manager and deliver the report electronically to the Wildfire Fund on or by the fifth Business Day of the following month. The report shall contain information as requested by the Wildfire Fund's administrator (or his or her designee).

PERMITTED INVESTMENTS

As shown in the table on the following pages, the permissible investment types includes Treasury securities with a maximum maturity of up to 12 years, Federal Agency securities and other Agency securities with a maximum maturity of up to 12 years, Supranationals with a maximum maturity of 12 years, Commercial Paper with a maximum maturity of up to 270 days, Certificates of Deposit with a maximum maturity of up to 360 days, Bankers Acceptance with a maximum maturity of up to 270 days, and Corporate Bonds/Notes with maximum maturities of up to 12 years, which complies with both Applicable Laws and Regulations and the CWF's Investment Policy. Corporates Securities must be issued by corporations organized and operating within the United States. Any un-invested moneys in the Portfolio should be invested as per un-invested cash section.

In the event, however, that any requirement on the following page may appear to be inconsistent with any of the Applicable Laws and Regulations, the Applicable Laws and Regulations shall be followed, and the Investment Manager shall immediately notify the Wildfire Fund of any such inconsistency. If there is any question regarding any permissible Investment described in the table, the Investment Manager shall contact the Wildfire Fund's administrator (or his or her designee) for clarification.

PROHIBIT~~T~~ED INVESTMENTS

Due to the nature of the environmental risk for the fund and incremental wildfire risk from the consumption of fossil fuel, investments in corporations whose primary business or majority of revenues are derived from fossil fuel are prohibited.

Wildfire Fund staff may issue interpretive memorandum for the intended purpose to further enhance understanding of the Investment Policy or provide guidance for matters not covered by the Investment Policy.

All structured securities are prohibited.
All non-US Corporate Securities are prohibited.
All California based Utility companies are prohibited.
All 144A Securities are prohibited.

Investment	CWF Policy
U.S. Treasury	Yes, maturity limit of 12 years, should represent at least 40% of the portfolio
U.S. Agency	Yes, maturity limit of 12 years, should not represent more than 20% of the portfolio (including Federal Agency, Other Agency, and Supranationals) with no one agency representing more than 5% of the portfolio
California Municipals	No
Federal Land Banks or Federal Intermediate Credit Banks	Yes, maturity limit of 12 years
Central Bank for Cooperatives	Yes, maturity limit of 12 years
Federal Home Loan Bank	Yes, maturity limit of 12 years
Federal National Mortgage Association	Yes, maturity limit of 12 years
Federal Home Loan Mortgage Corporation	Yes, maturity limit of 12 years
Tennessee Valley Authority	Yes, maturity limit of 12 years
Commodity Credit Corporation for the Export of California Agricultural Products	Yes, maturity limit of 12 years
Bankers Acceptances	Yes, for those that are eligible for purchase by the Federal Reserve System
Negotiable Certificates of Deposits	Yes, for those issued by a federally or state-chartered bank or savings and loan association, a state-licensed branch of a foreign bank, or a federally or state-chartered credit union and with a maturity limit of 360 days
United States Small Business Administration or the United States Farmers Home Administration	Yes
Export-Import Bank of the United States	Yes
Student Loan Marketing Association	No
Negotiable Order of Withdrawal Accounts (NOW Accounts)	Yes
Commercial Paper	Yes • Approved by the Pooled Money Investment Board by (A) being organized and operating within the U.S. and having total assets in excess of $500MM OR (B) organized within the U.S. as a federally or state-chartered bank or a state-licensed branch of a foreign bank, special purpose corporation, trust, or limited liability company and having program-wide credit enhancements • Not exceed 270 days • Not represent more than 10% of outstanding CP of an issuing federally or state-chartered bank or a state-licensed branch of a foreign bank, corporation, trust, or limited liability company • Not exceed 30% of the resources of an investment program

Investment	CWF Policy
International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the International Finance Corporation	Yes, maturity limit of 12 years (exclude GDB of Puerto Rico)
Corporate Bonds / Notes	Yes • Maturity limit of 12 years • Ratings from at least two of the three rating agencies of at least "A-" from S&P, "A-" from Fitch or "A3" from Moody's for long-term securities • Ratings from at least two of the three rating agencies of at least "A-1" from S & P, "F-1+" from Fitch, and "P-1" from Moody's for short-term securities • Corporates should not represent more than 40% of the portfolio (including CDs, CP, and BAs) • Corporate Securities rated "A-"/"A3", "A"/"A2", "A+"/"A1" should ~~be~~ not represent more than 30% of the total portfolio • No more than 25% of the maximum corporate allocation may have maturities greater than 10 years but less than 12 years • 2% limit per issuer (including CP)

California Government Code, Statute 16430

Eligible securities for the investment of surplus moneys shall be any of the following:

(a) Bonds or interest-bearing notes or obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) Bonds or interest-bearing notes or obligations that are issued by or fully guaranteed as to principal and interest by a federal agency or a United States government-sponsored enterprise, as defined by the Omnibus Budget Reconciliation Act of 1990 (Sec. 13112, Public Law 101-508; 2 U.S.C. Sec. 622(8)).

(c) Bonds, notes, or other obligations of this state, or those for which the faith and credit of this state are pledged for the payment of principal and interest.

(d) (1) Bonds, notes, or other obligations of a local government of this state, including, but not limited to, any of the following:

(A) A county.

(B) A city.

(C) A city and county.

(D) A metropolitan water district.

(E) A water district.

(F) A water storage district.

(G) An irrigation district.

(H) A municipal utility district.

(I) A school district.

(2) Bonds, notes, or other obligations eligible for investment pursuant to this subdivision shall be ~~within the top three ratings of~~ rated in rating category of "A" or its equivalent or better by a nationally recognized statistical rating organization.

(e) Bonds, debentures, or other obligations of any of the following:

(1) Issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended (12 U.S.C. Sec. 2001 et seq.).

(2) Issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended (12 U.S.C. Sec. 2001 et seq.).

(3) ~~The~~Issued by the Federal Home Loan Bank established under the Federal Home Loan Bank Act (12 U.S.C. Sec. 1421 et seq.).

(4) ~~The~~Issued by the Federal National Mortgage Association established under the National Housing Act, as amended (12 U.S.C. Sec. 1701 et seq.).

(5) ~~The~~Issued by the Federal Home Loan Mortgage Corporation.

(6) Issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended (16 U.S.C. Sec. 831 et seq.).

(7) Guaranteed by the Commodity Credit Corporation for the export of California agricultural products under the Commodity Credit Corporation Charter Act, as amended (15 U.S.C. Sec. 714 et seq.).

(f) Bonds, notes, warrants, and other securities not in default that are the direct obligations of the government of a foreign country that the International Monetary Fund lists as an advanced economy and for which the full faith and credit of that country has been pledged for the payment of principal and interest, if the securities are rated investment grade or its equivalent, or better, by a nationally recognized statistical rating organization. Securities eligible for investment pursuant to this subdivision shall satisfy all of the following:

(1) Be United States dollar denominated with a maximum maturity of five years or less, and eligible for purchase and sale within the United States.

(2) The combined par value of all of the investments authorized by this subdivision do not exceed 1 percent of the total par value of Pooled Money Investment Account assets at the time of purchase.

(3) The government of the foreign country issuing the securities submits to the jurisdiction of a federal or state court in the United States when disputes arise related to the investments.

(g) (1) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as defined by a nationally recognized statistical rating organization that rates these securities, if the commercial paper is issued by a federally or state-chartered bank or a state-licensed branch of a foreign bank, corporation, trust, or limited liability company that is approved by the Pooled Money Investment Board as meeting the conditions specified in either subparagraph (A) or subparagraph (B):

(A) Both of the following conditions:

(i) Organized and operating within the United States.

(ii) Having total assets in excess of five hundred million dollars ($500,000,000).

(B) Both of the following conditions:

(i) Organized within the United States as a federally or state-chartered bank or a state-licensed branch of a foreign bank, special purpose corporation, trust, or limited liability company.

(ii) Having programwide credit enhancements, including, but not limited to, overcollateralization, letters of credit, or surety bond.

(2) A purchase of eligible commercial paper shall not do any of the following:

(A) Exceed 270 days maturity.

(B) Represent more than 10 percent of the outstanding paper of an issuing federally or state-chartered bank or a state-licensed branch of a foreign bank, corporation, trust, or limited liability company.

(C) Exceed 30 percent of the resources of an investment program.

(3) ~~At the request of the Pooled Money Investment Board, an investment made pursuant to this subdivision shall be secured by the issuer by depositing with the Treasurer securities authorized by Section 53651 of a market value at least 10 percent in excess of the amount of the state's investment.~~

(h) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as banker's acceptances, that are eligible for purchase by the Federal Reserve System.

(i) Negotiable certificates of deposits issued by a federally or state-chartered bank or savings and loan association, a state-licensed branch of a foreign bank, or a federally or state-chartered credit union. For the purposes of this section, negotiable certificates of deposits are not subject to Chapter 4 (commencing with Section 16500) and Chapter 4.5 (commencing with Section 16600).

(j) The portion of bank loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration.

(k) Bank loans and obligations guaranteed by the Export-Import Bank of the United States.

(l) Student loan notes insured under the Guaranteed Student Loan Program established pursuant to the Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1001 et seq.) and eligible for resale to the Student Loan Marketing Association established pursuant to Section 133 of the Education Amendments of 1972, as amended (20 U.S.C. Sec. 1087-2).

(m) Obligations issued, assumed, or guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the International Finance Corporation, the Government Development Bank for Puerto Rico, the European Bank for Reconstruction and Development, or the European Investment Bank.

(n) Bonds, debentures, and notes issued by corporations organized and operating within the United States. Securities eligible for investment pursuant to this subdivision shall be ~~within the top three ratings of~~ rated in a rating category of "A" or its equivalent or better by a nationally recognized statistical rating organization.

(o) Negotiable Order of Withdrawal Accounts (NOW Accounts), invested in accordance with Chapter 4 (commencing with Section 16500).

(p) Shares of any money market mutual fund subject to registration by, and under the regulatory authority of, the United States Securities and Exchange Commission, provided that all of the following conditions are met:

(1) The money market mutual fund invests in securities and obligations described in one or more of the following: subdivision (a), (b), or (e) of this section or repurchase agreements or reverse repurchase agreements described in Section 16480.4.

(2) The financial institution issuing shares of the money market mutual fund has at least five years of experience investing in the types of securities and obligations being purchased by the state and has assets under management in the money market mutual fund in excess of ten billion dollars ($10,000,000,000).

(3) The money market mutual fund has attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

(4) The financial institution does not impose a commission on the purchase or sale of fund shares by the state.

(5) The state does not purchase more than 10 percent of a money market mutual fund's total assets.

(6) The state does not invest more than 10 percent of the Pooled Money Investment Account's funds in any single money market mutual fund meeting the requirements of this subdivision.

California Wildfire Fund

Investment Policy

Adopted: June 22, 2020
Revised: November 5, 2026

DEFINITIONS

"Applicable Laws and Regulations" or "Legal Restrictions" means California Public Utilities Code sections 3281, subdivision (C) and 3284 subdivision (e) for un-invested monies, and California Government Code section 16430, as well as any amendments or successor provisions to those sections.

"Business Day" or "Business Days" means a day or days other than Saturdays, Sundays, or state holidays.

"California Wildfire Fund" means the Wildfire Fund created pursuant to California Public Utilities Code Section 3284.

"Covered Wildfire" means any wildfire ignited on or after July 12, 2019, that meets the requirements of California Public Utilities Code Section 1701.8, including that it was either caused by an electrical corporation as determined by the governmental agency responsible for determining causation, or was asserted to have been caused by an electrical corporation and results in a court-approved dismissal resulting from the settlement of third-party damage claims.

"Daily" refers to Business Days.

"Investment Consultant" means a firm contracted by the Wildfire Fund to provide as needed investment analysis for the Fund and to provide services related to selection and oversight of the Fund's Investment Managers.

"Investment Manager" means a firm or firms contracted by the Wildfire Fund to invest monies on its behalf, in accordance with all Applicable Laws and Regulations and the Wildfire Fund's Investment Policy.

"Investment" refers to a Security purchased for, and owned by, the Wildfire Fund.

"Modified Duration" is the average length of time to receive the present value of bond cash flows.

A "Security" is a financial instrument before it is purchased for, or owned by, the California Wildfire Fund.

"Wildfire Fund Portfolio" or "Portfolio" means the investment portfolios of the Wildfire Fund.

BACKGROUND

The California Wildfire Fund ("CWF" or "Wildfire Fund") is a statutory fund segregated from and independent of the California Treasury, and was created under California Public Utilities Code section 3284 in July 2019. The California Earthquake Authority, a public instrumentality of the State of California, serves as the Administrator of the Wildfire Fund. The Wildfire Fund holds a number of dedicated accounts, completely independent and separate from the California Earthquake Authority's accounts.

PHILOSOPHY

The CWF is a legislatively created Fund to provide reimbursement to its participating utility companies for third party damage claims resulting from Covered Wildfire losses. The administrator has set forth the following prioritized goals:

1) Safety and preservation of principal;
2) Liquidity, so that claims can be paid in a timely manner; and
3) Competitive returns (yield).

As a statutorily-created Fund, the Wildfire Fund discloses much of its operations and investment activity. The integrity of the Wildfire Fund's investment activities should be above that of private sector organizations conducting comparable business operations. Therefore, the Wildfire Fund has the social, ethical, and environmental obligation to require that Investments made on its behalf and held in its accounts are in corporations and entities that meet a high standard of conduct in their operations. Still, the investment of the Wildfire Fund's assets should appropriately reflect sound judgment that each Investment will produce an attractive rate of return, within the bounds of all Applicable Laws and Regulations and this Investment Policy.

PRINCIPLES

After the primary goals of safety and preservation of principal and attention to appropriate liquidity requirements are met, rate of return must be considered. Safe and prudent investment management will be the primary and underlying criterion for the selection of Securities and retention and disposition of Investments.

Non-economic factors will supplement profit factors in making investment decisions. Non-economic factors are defined as those considerations not directly related to providing for the safety of principal, maintaining adequate liquidity, and maximizing income, but which seek to ensure that in making or holding its Investments, the Wildfire Fund does not, either through action or inaction, promote, condone, or facilitate social or environmental injury.

Social or environmental injury may be said to exist when the activities of a corporation serve to undermine basic human rights and dignities, or when the Wildfire Fund Administrator perceives that the practices of a corporation result in undesirable side effects for others and that those side effects are substantial in nature. Side effects that may be deemed undesirable and substantial include, but are not limited to, the following:

A. Subject to current federal, state, and local law, any practice that is known to endanger, directly or indirectly, human health or the environment:
B. Practices that result in the suppression of human rights, including:

    1) The sale of weapons and technology to governments known to engage in the systematic suppression of human rights; and

2) The sale of goods to, or the purchase of goods from, countries known to employ forced labor.

C. Practices that endanger human health, including:

1) The sale and distribution of known contaminated products;
2) The sale and distribution of dangerous drugs; and
3) The sale of goods to, or the purchase of goods from, companies known to disregard worker safety.

Investments shall not be selected or rejected based solely on non-economic factors. In general, non-economic factors, to the extent known after reasonable investigation, should be considered after all relevant financial criteria and Legal Restrictions have been satisfied.

The Wildfire Fund Portfolio will be managed to ensure the safety of the Portfolio by investing in high-quality fixed-income Securities with limited durations.

PRUDENT INVESTOR STANDARD

In addition to complying with the Investment Policy and all Applicable Laws and Regulations, all Wildfire Fund Investments and evaluation of such Investments shall be made with regard to the "prudent investor" standard of care, that is, with the care, skill, prudence, and diligence under the circumstances then prevailing, that persons of prudence, discretion, and intelligence exercise in the professional management of their business affairs, not for speculation, but for investment, considering the probable safety of their capital, including liquidity of the Investment, as well as the probable income to be derived.

ETHICS, AVOIDANCE OF CONFLICT OF INTERESTS, AND COMPLIANCE WITH INVESTMENT ADVISERS ACT OF 1940

No officer or employee of the Wildfire Fund, or of any firm contracted with the Wildfire Fund involved in the investment of the Wildfire Fund Portfolio, shall engage in any personal or business activity that may conflict with proper execution of the Wildfire Fund's investment program or that may impair his or her ability to make impartial investment decisions for the Wildfire Fund. Any personal investments in entities that do business with the Wildfire Fund, either by contract or where the Wildfire Fund has Investments with that entity, shall be disclosed as required in regulations of the Fair Political Practices Commission (using its Form 700, which shall be filed according to law) and the California Catastrophe Response Council's Conflict of Interest Code.

The Wildfire Fund's Investment Consultant and Investment Managers shall ensure that they are registered with, and comply with the rules, advice, rulings, and regulations of, the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940 that is licensed to choose investments for clients. The CWF's Investment Consultant and Investment Managers shall procure and fully and currently maintain the permits and licenses, if any, necessary to advise the Wildfire Fund on investments and to make investments on the Wildfire Fund's behalf.

PERMISSIBLE INVESTMENTS

Public Utilities Code Section 3281(c) requires the Wildfire Fund Administrator to invest the moneys in the Fund in those securities eligible under Section 16430 of the California Government Code. Public Utilities Code Section 3284(e) provides that uninvested moneys in the Fund may be deposited from time to time in financial institutions

authorized by law to receive deposits of public moneys or, with the approval of the Treasurer, the Surplus Money Investment Fund.

Investments made by the investment managers on behalf of the Wildfire Fund shall be made in compliance with California Government Code section 16430, as section 16430 is in effect at the time the Investment is made. California Government Code section 16430 may be amended from time to time, and the Wildfire Fund's Investment Managers shall be responsible for being aware and informed of any amendments to section 16430 and to all Applicable Laws and Regulations. As of January 1, 2027, California Government Code section 16430 is provided in its entirety in Exhibit A.

The Wildfire Fund's Portfolio may be invested in any of the following securities listed below and detailed in the Permitted Investments section:

- Treasury securities including TIPS and Floating Rate Notes;
- Federal Agency securities including Floating Rate Notes;
- Other Agency securities;
- International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the International Finance Corporation ("Supranationals");
- Commercial Paper;
- Certificates of Deposit;
- Bankers Acceptances; and
- Corporate Bonds/Notes and Floating Rate Notes

All investments must comply with both Applicable Laws and Regulations and this Investment Policy and any un-invested moneys in the Portfolio may be held un-invested pending cash investment, distribution, resolution of a dispute, or for other operational reasons and may be deposited in the associated sweep account prior to the Fed wire cutoff time. Any remaining un-invested monies after the Fed wire cutoff time will be invested by the custodian in the Wildfire Fund's designated account, or in such other account as designated by the CWF in future.

COMPLIANCE

The Investment Policy, and all Applicable Laws and Regulations, shall be observed by the Wildfire Fund's Independent Investment Consultant and acted on by all Investment Managers in the course of their administration of Wildfire Fund investments. The Investment Policy is subject to continual monitoring and review by the CWF Administrator.

A trade executed for the Wildfire Fund's Portfolio shall be deemed to be in compliance with the Investment Policy if, as of the trade date, the trade met both (A) the requirements of this Investment Policy and (B) all Applicable Laws and Regulations. Notwithstanding, however, the deemed trade-day compliance of any individual trade, if at the close of any day any fund maturity or duration exceeds the limit stated in the Investment Policy or the ratings are below the minimum ratings requirement as stated in the Investment Policy, the Investment Manager must, within one business day, consult with the Administrator for the CWF in order that the CWF in its sole discretion, may provide a directive to correct maturity or duration limit or any other action needed for correction of ratings downgrade; if the Administrator (or his or her designee) provides no such directive, the Investment Manager must bring the exceeded maturity or duration limit or ratings back into compliance with the Investment Policy as soon as reasonably possible.

The Wildfire Fund will perform daily quality-assurance checks of the Portfolio (or portion of a Portfolio in the case where an Investment Manager is managing a defined portion of a Portfolio) to ensure compliance with the Investment Policy and with all Applicable Laws and Regulations. If the Wildfire Fund becomes aware of any noncompliance with the Investment Policy, the Wildfire Fund will contact the Investment Manager immediately to discuss the situation so that the Wildfire Fund may determine the appropriate actions to be taken by the Investment Manager and Wildfire Fund to bring the Portfolio into compliance within three business days; if an Investment Manager or the Investment Consultant becomes aware of any noncompliance with any Investment Policy, it shall contact the Wildfire Fund immediately to discuss the situation so that the Wildfire Fund may determine the appropriate actions to be taken by the Investment Manager and Wildfire Fund to bring the Portfolio into compliance.

The performance by the Wildfire Fund of a Daily quality-assurance check does not relieve any Wildfire Fund Investment Manager of its respective independent duties to ensure that all Investments made and held for the Wildfire Fund comply with the Investment Policy and all Applicable Laws and Regulations at all times. The Wildfire Fund's failure to discover, or failure to report the discovery to the Wildfire Fund's Investment Consultant or Investment Managers (or any of them), of any noncompliance, does not constitute (A) the Wildfire Fund's acceptance or ratification of that noncompliance or (B) any waiver by the Wildfire Fund of its right to require compliance by Investment Managers with the Investment Policy and all Applicable Laws and Regulations.

RATINGS, MATURITY & DURATION

- Treasury securities with a maximum maturity of up to 12 years;
- Federal Agency securities, other Agency securities with a maximum maturity of up to 12 years;
- Supranationals with a maximum maturity of up to 12 years;
- Commercial Paper with a maximum maturity of up to 270 days;
- Certificates of Deposit with a maximum maturity of up to 360 days;
- Bankers Acceptances with a maximum maturity of up to 270 days; and
- Corporate Bonds/Notes with maximum maturities of up to 12 years and no more than 25% of maximum corporate allocation may have maturities greater than 10 years but less than 12 years, ratings from at least two of three rating agencies of at least:
    - "A-" from S&P, "A-" from Fitch, or "A3" from Moody's for long-term securities (securities rated "A-"/"A3", "A"/"A2", "A+"/"A1" should not represent more than 30% of the total portfolio)
    - "A-1" from S&P, "F-1+" from Fitch, or "P-1" from Moody's for short-term securities

The Portfolio shall have a maximum Modified Duration of no greater than 7.0 years.

The "maximum maturity" requirement summarized above and listed in detail in the table in the Permitted Investments section is defined as the number of days from trade date to maturity date, including the trade date but excluding the maturity date.

COMPOSITION

- Treasury securities should represent at least 40% of the portfolio;
- Federal Agency and Other Agency securities and Supranationals should not represent more than 20% of the portfolio with no one agency representing more than 5% of the portfolio; and
- Corporate securities should not represent more than 40% of the portfolio (including Certificates of Deposit, Commercial Paper, and Banker Acceptances) with a 2% issuer limit

CUSTODY

All Wildfire Fund Investments shall be secured or held at all times by a custody bank.

UNINVESTED CASH

Each Investment Manager shall seek to minimize the amount of cash remaining at the end of a Business Day that is not invested in a manner consistent with the Investment Policy.

Any un-invested moneys in the Portfolio may be held un-invested pending cash investment, distribution, resolution of a dispute, or for other operational reasons and may be deposited in the associated sweep account prior to the Fed wire cut off time. Any remaining un-invested monies after the Fed wire cutoff time will be invested by the custodian in the CWF's designated account, or in such other account as designated by the CWF in the future.

NEGATIVE YIELDS

The Investment Managers are encouraged to hold cash until an allowable Security with a positive yield becomes available. The Investment Managers must notify the Wildfire Fund when yields are negative.

MINIMUM TRADE RETURN

Subject to guidance from the Wildfire Fund, Investment Managers should not execute a trade if the expected return is less than the cost of executing the trade. If any Investment Manager believes that circumstances warrant making such a trade, it must contact the CWF.

INVESTMENT GOALS

Consistent with the Wildfire Fund's published Investment Philosophy, and in order of priority, the Wildfire Fund's investment goals are:

1) Portfolio Safety
   Under this Investment Policy, the Portfolio shall contain a sufficient number with multiple maturity dates of securities so that a reasonable portion of the Portfolio can be readily converted to cash at a price closely approximating amortized cost.

2) Liquidity
   The Portfolio shall be managed to ensure that the Wildfire Fund's usual cash needs to pay eligible claims can be met; if unforeseen cash needs arise, the Wildfire Fund's Administrator or another individual designated by the Wildfire Fund will work with individual Managers when needed to plan to meet liquidity requirements.

3) Rate of Return
   Investments shall be made in such a way as to realize the maximum return consistent with the principles of prudence expressed in the Wildfire Fund's Investment Philosophy and these Guidelines.

The investments in the Portfolio are primarily buy and hold but investments may be sold to:

- Provide liquidity, and
- Purchase an Investment that better meets the current needs of the Portfolio, after notification to and consultation with the CWF.

REPORTING

The Investment Manager shall make all trades by 11:00 am Pacific Time for same day settlement or 12:00 noon Pacific Time for next day settlement and send all trade ticket information electronically to the CWF Trustee and Investment Analytics and Compliance Software provider.

Each Investment Manager shall compile a monthly report of the Portfolio, or a portion of the Portfolio, managed by the Investment Manager and deliver the report electronically to the Wildfire Fund on or by the fifth Business Day of the following month. The report shall contain information as requested by the Wildfire Fund's administrator (or his or her designee).

PERMITTED INVESTMENTS

As shown in the table on the following pages, the permissible investment types includes Treasury securities with a maximum maturity of up to 12 years, Federal Agency securities and other Agency securities with a maximum maturity of up to 12 years, Supranationals with a maximum maturity of 12 years, Commercial Paper with a maximum maturity of up to 270 days, Certificates of Deposit with a maximum maturity of up to 360 days, Bankers Acceptance with a maximum maturity of up to 270 days, and Corporate Bonds/Notes with maximum maturities of up to 12 years, which complies with both Applicable Laws and Regulations and the CWF's Investment Policy. Corporates Securities must be issued by corporations organized and operating within the United States. Any un-invested moneys in the Portfolio should be invested as per un-invested cash section.

In the event, however, that any requirement on the following page may appear to be inconsistent with any of the Applicable Laws and Regulations, the Applicable Laws and Regulations shall be followed, and the Investment Manager shall immediately notify the Wildfire Fund of any such inconsistency. If there is any question regarding any permissible Investment described in the table, the Investment Manager shall contact the Wildfire Fund's administrator (or his or her designee) for clarification.

PROHIBITED INVESTMENTS

Due to the nature of the environmental risk for the fund and incremental wildfire risk from the consumption of fossil fuel, investments in corporations whose primary business or majority of revenues are derived from fossil fuel are prohibited.

Wildfire Fund staff may issue interpretive memorandum for the intended purpose to further enhance understanding of the Investment Policy or provide guidance for matters not covered by the Investment Policy.

All structured securities are prohibited.
All non-US Corporate Securities are prohibited.
All California based Utility companies are prohibited.
All 144A Securities are prohibited.

Investment	CWF Policy
U.S. Treasury	Yes, maturity limit of 12 years, should represent at least 40% of the portfolio
U.S. Agency	Yes, maturity limit of 12 years, should not represent more than 20% of the portfolio (including Federal Agency, Other Agency, and Supranationals) with no one agency representing more than 5% of the portfolio
California Municipals	No
Federal Land Banks or Federal Intermediate Credit Banks	Yes, maturity limit of 12 years
Central Bank for Cooperatives	Yes, maturity limit of 12 years
Federal Home Loan Bank	Yes, maturity limit of 12 years
Federal National Mortgage Association	Yes, maturity limit of 12 years
Federal Home Loan Mortgage Corporation	Yes, maturity limit of 12 years
Tennessee Valley Authority	Yes, maturity limit of 12 years
Commodity Credit Corporation for the Export of California Agricultural Products	Yes, maturity limit of 12 years
Bankers Acceptances	Yes, for those that are eligible for purchase by the Federal Reserve System
Negotiable Certificates of Deposits	Yes, for those issued by a federally or state-chartered bank or savings and loan association, a state-licensed branch of a foreign bank, or a federally or state-chartered credit union and with a maturity limit of 360 days
United States Small Business Administration or the United States Farmers Home Administration	Yes
Export-Import Bank of the United States	Yes
Student Loan Marketing Association	No
Negotiable Order of Withdrawal Accounts (NOW Accounts)	Yes
Commercial Paper	Yes • Approved by the Pooled Money Investment Board by (A) being organized and operating within the U.S. and having total assets in excess of $500MM OR (B) organized within the U.S. as a federally or state-chartered bank or a state-licensed branch of a foreign bank, special purpose corporation, trust, or limited liability company and having program-wide credit enhancements • Not exceed 270 days • Not represent more than 10% of outstanding CP of an issuing federally or state-chartered bank or a state-licensed branch of a foreign bank, corporation, trust, or limited liability company • Not exceed 30% of the resources of an investment program

Investment	CWF Policy
International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the International Finance Corporation	Yes, maturity limit of 12 years (exclude GDB of Puerto Rico)
Corporate Bonds / Notes	Yes • Maturity limit of 12 years • Ratings from at least two of the three rating agencies of at least "A-" from S&P, "A-" from Fitch or "A3" from Moody's for long-term securities • Ratings from at least two of the three rating agencies of at least "A-1" from S & P, "F-1+" from Fitch, and "P-1" from Moody's for short-term securities • Corporates should not represent more than 40% of the portfolio (including CDs, CP, and BAs) • Corporate Securities rated "A-"/"A3", "A"/"A2", "A+"/"A1" should not represent more than 30% of the total portfolio • No more than 25% of the maximum corporate allocation may have maturities greater than 10 years but less than 12 years • 2% limit per issuer (including CP)

California Government Code, Statute 16430

Eligible securities for the investment of surplus moneys shall be any of the following:

(a) Bonds or interest-bearing notes or obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) Bonds or interest-bearing notes or obligations that are issued by or fully guaranteed as to principal and interest by a federal agency or a United States government-sponsored enterprise, as defined by the Omnibus Budget Reconciliation Act of 1990 (Sec. 13112, Public Law 101-508; 2 U.S.C. Sec. 622(8)).

(c) Bonds, notes, or other obligations of this state, or those for which the faith and credit of this state are pledged for the payment of principal and interest.

(d) (1) Bonds, notes, or other obligations of a local government of this state, including, but not limited to, any of the following:

(A) A county.

(B) A city.

(C) A city and county.

(D) A metropolitan water district.

(E) A water district.

(F) A water storage district.

(G) An irrigation district.

(H) A municipal utility district.

(I) A school district.

(2) Bonds, notes, or other obligations eligible for investment pursuant to this subdivision shall be rated in rating category of “A” or its equivalent or better by a nationally recognized statistical rating organization.

(e) Bonds, debentures, or other obligations of any of the following:

(1) Issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended (12 U.S.C. Sec. 2001 et seq.).

(2) Issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended (12 U.S.C. Sec. 2001 et seq.).

(3) Issued by the Federal Home Loan Bank established under the Federal Home Loan Bank Act (12 U.S.C. Sec. 1421 et seq.).

(4) Issued by the Federal National Mortgage Association established under the National Housing Act, as amended (12 U.S.C. Sec. 1701 et seq.).

(5) Issued by the Federal Home Loan Mortgage Corporation.

(6) Issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended (16 U.S.C. Sec. 831 et seq.).

(7) Guaranteed by the Commodity Credit Corporation for the export of California agricultural products under the Commodity Credit Corporation Charter Act, as amended (15 U.S.C. Sec. 714 et seq.).

(f) Bonds, notes, warrants, and other securities not in default that are the direct obligations of the government of a foreign country that the International Monetary Fund lists as an advanced economy and for which the full faith and credit of that country has been pledged for the payment of principal and interest, if the securities are rated investment grade or its equivalent, or better, by a nationally recognized statistical rating organization. Securities eligible for investment pursuant to this subdivision shall satisfy all of the following:

(1) Be United States dollar denominated with a maximum maturity of five years or less, and eligible for purchase and sale within the United States.

(2) The combined par value of all of the investments authorized by this subdivision do not exceed 1 percent of the total par value of Pooled Money Investment Account assets at the time of purchase.

(3) The government of the foreign country issuing the securities submits to the jurisdiction of a federal or state court in the United States when disputes arise related to the investments.

(g) (1) Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as defined by a nationally recognized statistical rating organization that rates these securities, if the commercial paper is issued by a federally or state-chartered bank or a state-licensed branch of a foreign bank, corporation, trust, or limited liability company that is approved by the Pooled Money Investment Board as meeting the conditions specified in either subparagraph (A) or subparagraph (B):

(A) Both of the following conditions:

(i) Organized and operating within the United States.

(ii) Having total assets in excess of five hundred million dollars ($500,000,000).

(B) Both of the following conditions:

(i) Organized within the United States as a federally or state-chartered bank or a state-licensed branch of a foreign bank, special purpose corporation, trust, or limited liability company.

(ii) Having programwide credit enhancements, including, but not limited to, overcollateralization, letters of credit, or surety bond.

(2) A purchase of eligible commercial paper shall not do any of the following:

(A) Exceed 270 days maturity.

(B) Represent more than 10 percent of the outstanding paper of an issuing federally or state-chartered bank or a state-licensed branch of a foreign bank, corporation, trust, or limited liability company.

(C) Exceed 30 percent of the resources of an investment program.

(h) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as banker's acceptances, that are eligible for purchase by the Federal Reserve System.

(i) Negotiable certificates of deposits issued by a federally or state-chartered bank or savings and loan association, a state-licensed branch of a foreign bank, or a federally or state-chartered credit union. For the purposes of this section, negotiable certificates of deposits are not subject to Chapter 4 (commencing with Section 16500) and Chapter 4.5 (commencing with Section 16600).

(j) The portion of bank loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration.

(k) Bank loans and obligations guaranteed by the Export-Import Bank of the United States.

(l) Student loan notes insured under the Guaranteed Student Loan Program established pursuant to the Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1001 et seq.) and eligible for resale to the Student Loan Marketing Association established pursuant to Section 133 of the Education Amendments of 1972, as amended (20 U.S.C. Sec. 1087-2).

(m) Obligations issued, assumed, or guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the International Finance Corporation, the Government Development Bank for Puerto Rico, the European Bank for Reconstruction and Development, or the European Investment Bank.

(n) Bonds, debentures, and notes issued by corporations organized and operating within the United States. Securities eligible for investment pursuant to this subdivision shall be rated in a rating category of "A" or its equivalent or better by a nationally recognized statistical rating organization.

(o) Negotiable Order of Withdrawal Accounts (NOW Accounts), invested in accordance with Chapter 4 (commencing with Section 16500).

(p) Shares of any money market mutual fund subject to registration by, and under the regulatory authority of, the United States Securities and Exchange Commission, provided that all of the following conditions are met:

(1) The money market mutual fund invests in securities and obligations described in one or more of the following: subdivision (a), (b), or (e) of this section or repurchase agreements or reverse repurchase agreements described in Section 16480.4.

(2) The financial institution issuing shares of the money market mutual fund has at least five years of experience investing in the types of securities and obligations being purchased by the state and has assets under management in the money market mutual fund in excess of ten billion dollars ($10,000,000,000).

(3) The money market mutual fund has attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

(4) The financial institution does not impose a commission on the purchase or sale of fund shares by the state.

(5) The state does not purchase more than 10 percent of a money market mutual fund's total assets.

(6) The state does not invest more than 10 percent of the Pooled Money Investment Account's funds in any single money market mutual fund meeting the requirements of this subdivision.

November 5, 2026

Item Name: 2027 Legislative Planning Discussion

Recommended Action: Discussion Item

Chief Executive Officer Tom Welsh and General Counsel Bret Ladine will provide an update on the conclusion of the 2026 Legislative Session (focused on SB 492) to facilitate a Council discussion of legislative priorities for the 2027 Session.

Following the update on the 2026 Legislative Session, discussion will cover two topic areas:

A. **Contextual overview of the Council's Position within California's Wildfire and Energy Regulatory Ecosystem** – As a foundation for evaluating the approach to the 2027 legislative session, staff will present level-setting information regarding the wide array of participants in California's wildfire resiliency ecosystem to help maintain focus on the basic roles and responsibilities of the Council in overseeing the proper administration of the Wildfire Fund.

B. **2027 Legislative Priorities –** With that foundation in place, the Council and CEA staff can discuss and align priorities to be pursued in the Legislature next year, including:

   1. Closed Session authority for claims and reinsurance/strategic financial matters;
   2. Public Records Act exemptions for confidential or proprietary records related to claims, reinsurance, and strategic financial matters;
   3. Technical amendments to optimize issuance of revenue bonds to meet future liquidity needs of the Wildfire Fund; and
   4. Other topics and priorities identified by the Council.

Additional information on each of these two discussion items is included in Attachments 3.A and 3.B.

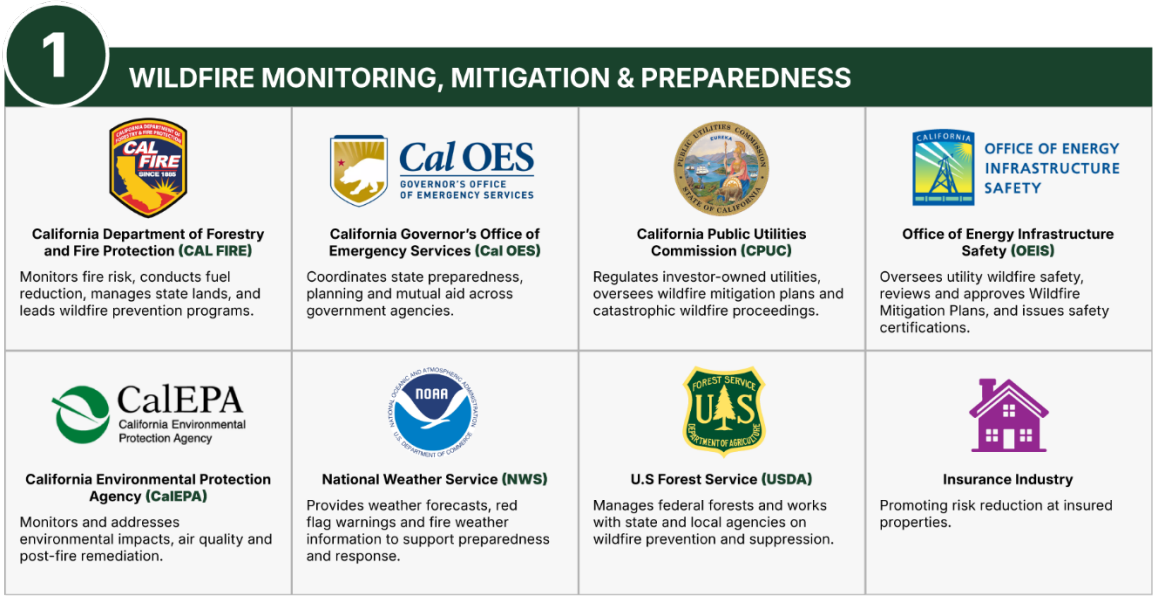
November 5, 2026

Item Name: The Council's Position within California's Wildfire and Energy Regulatory Ecosystem

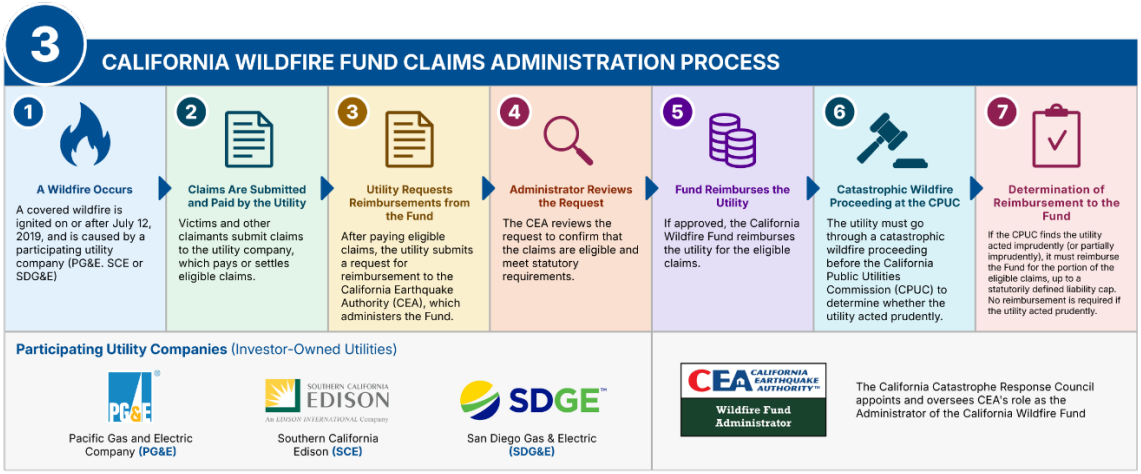
Recommended Action: Information Only

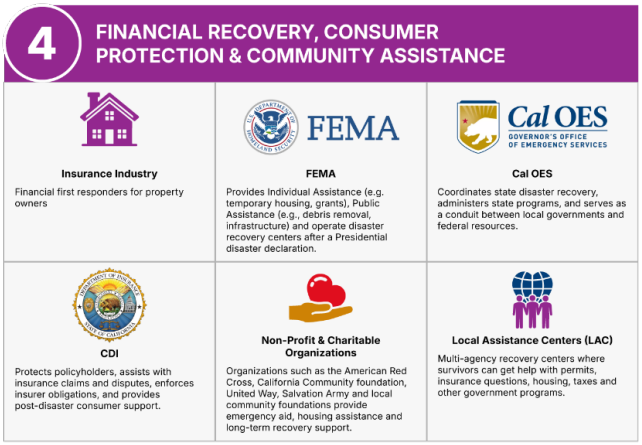
Executive Summary

This is responsive to requests from Council members during the August 6, 2026, meeting for CEA staff to provide information about how the Council and the Wildfire Fund are situated within California's wildfire and energy regulatory ecosystem. The Council's objective was to gain a deeper understanding of various roles and responsibilities of entities that play a role in wildfire resiliency. There are a multitude of contributors in this broad ecosystem, and no single infographic can cover the entirety of the landscape. Any omission of contributors is not intended as a commentary on the significance of their respective roles. The general goal of this ecosystem map is to facilitate a discussion on where the Council and the Wildfire Fund are situated within this vitally important and complex system, spread across the four categories of activities: (1) Wildfire Monitoring, Mitigation & Preparedness; (2) Wildfire Response and Emergency Management; (3) the Wildfire Fund and Claims Administration; and (4) Wildfire Recovery:




2
WILDFIRE RESPONSE & EMERGENCY MANAGEMENT
CAL FIRE
Leads wildfire suppression efforts, works with local fire departments, and coordinates state resources.
Local Fire Departments & Emergency Services
Provide frontline wildfire response, including evacuation, rescue and community protection.
Cal OES
GOVERNOR'S OFFICE OF EMERGENCY SERVICES
Cal OES
Coordinates the state's emergency response, operates the State Emergency Operations Center, and supports local governments.
Caltrans
Caltrans
Clears roads, removes debris. and helps restore transportation infrastructure after wildfires.
California Department of PublicHealth
California Department of Public Health (CDPH)
Protects public health, monitors air and water quality, and provides health guidance during and after wildfires.
Law Enforcement Agencies
Support evacuations, ensure public safety and help secure impacted areas.
FEMA
Federal Emergency Management Agency (FEMA)
Provides federal support through the National Response Framework when a major disaster is declared.
CIERA
California Insurance Emergency Response Association (CIERA)
Insurance industry coordination to accelerate industry response


3
CALIFORNIA WILDFIRE FUND CLAIMS ADMINISTRATION PROCESS
1
A Wildfire Occurs
A covered wildfire is ignited on or after July 12, 2019, and is caused by a participating utility company (PG&E. SCE or SDG&E)
2
Claims Are Submitted and Paid by the Utility
Victims and other claimants submit claims to the utility company, which pays or settles eligible claims.
3
Utility Requests Reimbursements from the Fund
After paying eligible claims, the utility submits a request for reimbursement to the California Earthquake Authority (CEA), which administers the Fund.
4
Administrator Reviews the Request
The CEA reviews the request to confirm that the claims are eligible and meet statutory requirements.
5
Fund Reimburses the Utility
If approved, the California Wildfire Fund reimburses the utility for the eligible claims.
6
Catastrophic Wildfire Proceeding at the CPUC
The utility must go through a catastrophic wildfire proceeding before the California Public Utilities Commission (CPUC) to determine whether the utility acted prudently.
7
Determination of Reimbursement to the Fund
If the CPUC finds the utility acted imprudently (or partially imprudently), it must reimburse the Fund for the portion of the eligible claims, up to a statutorily defined liability cap. No reimbursement is required if the utility acted prudently.
Participating Utility Companies (Investor-Owned Utilities)
PG&E
Pacific Gas and Electric Company (PG&E)
Southern California Edison
Southern California Edison (SCE)
SDGE
San Diego Gas & Electric (SDG&E)
CEA California Earthquake Authority™ Wildfire Fund Administrator
The California Catastrophe Response Council appoints and oversees CEA's role as the Administrator of the California Wildfire Fund


4
FINANCIAL RECOVERY, CONSUMER PROTECTION & COMMUNITY ASSISTANCE
Insurance Industry
Financial first responders for property owners
FEMA
FEMA
Provides Individual Assistance (e.g. temporary housing, grants), Public Assistance (e.g., debris removal, infrastructure) and operate disaster recovery centers after a Presidential disaster declaration.
Cal OES
GOVERNOR'S OFFICE OF EMERGENCY SERVICES
Cal OES
Coordinates state disaster recovery, administers state programs, and serves as a conduit between local governments and federal resources.
CDI
Protects policyholders, assists with insurance claims and disputes, enforces insurer obligations, and provides post-disaster consumer support.
Non-Profit & Charitable Organizations
Organizations such as the American Red Cross, California Community foundation, United Way, Salvation Army and local community foundations provide emergency aid, housing assistance and long-term recovery support.
Local Assistance Centers (LAC)
Multi-agency recovery centers where survivors can get help with permits, insurance questions, housing, taxes and other government programs.

November 5, 2026

Item Name: 2027 Legislative Planning

Recommended Action: Information and discussion

2026 Legislative Session

SB 492 (Becker) was introduced and amended in the 2026 legislative session to implement elements of natural catastrophe resiliency and utility industry policy options that were discussed in the SB 254 (2025) natural catastrophe resiliency report delivered to the Legislature in April 2026.

In its final form, SB 492 reflected a "three-party agreement" between the legislative leadership and the Governor, announced August 29, 2026. On the final day of the session, the Assembly did not put SB 492 on the floor for a vote and as a result was not passed out of the Legislature.

Legislative Updates
The Administrator will report on the close of the 2026 legislative session, seek Council input on legislative priorities for 2027, and report on recent activity in the market for wildfire subrogation claims.

Among other things, SB 492 would have made the following changes affecting the Council and the Administrator:

- **Closed sessions**. Authorized the Council to meet in closed session on the administration or evaluation of individual claims submitted to the Wildfire Fund or the Continuation Account, and strategy on reinsurance or other mechanisms to extend the durability of either account, mirroring the CEA Governing Board's existing authority under Government Code section 11126.
- **Public records**. Exempted from the California Public Records Act records held by the Council or the Administrator related to the administration or evaluation of claims, including claim settlement information and personally identifiable information of wildfire survivors and claimants.
- **Technical amendments to facilitate revenue bonds issuances for the benefit of the Wildfire Fund and the Continuation Account**. These provisions would have clarified the process for issuance of revenue bonds to support the liquidity needs of the Wildfire Fund and/or Continuation Account, with the bonds being repaid through a pledge of future revenues that flow into those two claim-paying accounts within the Wildfire Fund. These technical amendment were designed to ensure that bonds could be issued on the most advantageous terms, which would benefit survivors of IOU-linked wildfires, as well as the utility ratepayers and shareholders.

- **Fast-Pay Program**. Created the *California Wildfire Relief Fast-Pay Program*, with a fast-pay administrator appointed by the Council and settlements of eligible claims to be paid from the Continuation Account.
- **Claims sales and fees**. Prohibited the sale or transfer of wildfire claims to private equity groups and capped attorneys' fees on insurer subrogation claims at no more than 10 percent of the settlement or judgment.

Although SB 492 did not pass, the governor signed four wildfire recovery bills that were partially informed by the SB 254 Study on September 15, 2026. None of those bills change the Council's or the Administrator's authority or responsibilities under existing law.

Proposed 2027 Legislative Priorities

Based on prior direction from the Council, the Administrator proposes continuing to pursue three legislative initiatives in 2027, each of which was included in SB 492 and none of which were controversial or subject of the concerns that stalled enactment of the bill. Each could move as a standalone bill or as part of a larger wildfire package:

- **Closed session authority**. The Council has no Bagley-Keene exemption for discussing individual claims or reinsurance and other strategic financial matters. As a result, the Council must either discuss these matters in open session, where disclosure could prejudice the Wildfire Fund's negotiating position and expose claimant information, or receive them only in aggregate form. The CEA Governing Board has comparable authority for rates, reinsurance, and strategy.
- **Public Records Act exemptions**. A closed session exemption protects deliberations but not the underlying documents. A parallel CPRA exemption would cover records held by the Council or the Administrator relating to claims, reinsurance, and strategic financial matters.
- **Technical amendments for revenue bond issuance**. The Continuation Account's financing structure relies on DWR bonds of up to $9 billion under Water Code section 80540 SB 492's bond provisions would have given the Administrator its own issuance authority and clarified security, accounting, and termination provisions to lower financing costs and reduce execution risk. Those changes remain relevant to meeting future liquidity needs, particularly if the Eaton Fire claims accelerate demands on the Wildfire Fund.
- **Other topics.** Finally, the Council may wish to identify and discuss additional legislative initiatives within the jurisdiction of the Council that may support the Wildfire Fund's stabilizing role in the utility sector and support of California's natural catastrophe resiliency.

November 5, 2026

Item Name: Governance Documentation

Recommended Action: Review and approve proposed amendments to the Articles of Governance

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Background

Articles of Governance Update
CEA staff proposes amending the Council's Articles of Governance to reflect SB 254 and to fill gaps in Council procedures. The proposed draft is Attachment A.

The Council adopted the Articles of Governance (Articles) in November 2020 to set out the roles and responsibilities of the Council and the Administrator under AB 1054 and AB 111. The Articles have not been amended since. The Council identified the Articles as a candidate for review at its May 7, 2026 meeting, and the August 6, 2026 meeting included a discussion of potential amendments.

SB 254 (Becker, 2025) changed the structure of the Wildfire Fund. It closed the AB 1054 Account to wildfires ignited after September 19, 2025, and created the Continuation Account (SB 254 Account) for wildfires ignited on or after that date. SB 254 also repealed and reenacted Public Utilities Code section 3283 to set a single annual report to the Legislature, due August 15, and repealed section 3287. The Articles were written before these changes and refer only to the "Wildfire Fund."

Proposed Amendments

Consistent with discussion at the August 6 Council meeting, the attached draft makes two types of changes:

1. **SB 254-related updates**. The draft adds a recital describing SB 254 and defines the SB 254 continuation account (the Continuation Account in the draft, referred to as the SB 254 Account in Council materials). It extends the Council's powers in Article II and the Administrator's duties in Article III to the Continuation Account, including budget, Plan of Operations, claims administration procedures, investment, capital structure, and Public Utilities Commission proceedings. It also adds provisions on investor-owned utility elections to participate in the Continuation Account and updates statutory citations, including replacing the reference to Public Utilities Code section 3287 with section 3283, the current annual report statute.

2. **Process and mechanics**. The draft adds a new Article IV, covering matters the current Articles do not address:
    - Officers. Election of a Chair and Vice Chair, a proposed two-year term, and succession when either position is vacant.
    - Agenda. The Chair sets each meeting's agenda in consultation with the Administrator, and any member may request an item.
    - Voting. Action requires a majority of members present at a meeting with a quorum under Government Code section 8899.71. Members may participate by teleconference under Government Code section 11123.5, and a tie vote fails.
    - Exigent authority. Between meetings, the Chair, in consultation with the Administrator, may take interim action needed to protect the Wildfire Fund when the next meeting cannot reasonably wait. Any such action must comply with the Bagley-Keene Open Meeting Act, does not replace the emergency or special meeting procedures in Government Code section 11125.5, and is reported to the Council for ratification or recission at its next meeting.

The draft does not change the Council's closed session authority, which is set by statute under the Bagley-Keene Open Meeting Act rather than by the Articles.

Recommendation

CEA staff recommends that the Council review the proposed amendments in Attachment A, revise as needed, and approve the amended Articles of Governance.

PROPOSED AMENDMENTS FOR DISCUSSION

Legend: **Bold underlined text** indicates proposed new language. ~~Strikethrough text~~ indicates language proposed for deletion.

ARTICLES OF GOVERNANCE

CALIFORNIA CATASTROPHE RESPONSE COUNCIL & CALIFORNIA EARTHQUAKE AUTHORITY, AS WILDFIRE FUND ADMINISTRATOR

ARTICLE I

Statement of Purpose

WHEREAS, on July 12, 2019, Governor Gavin Newsom signed AB 1054 (Holden, Burke & Mayes, Chapter 79, Statutes of 2019) and AB 111 (Committee on Budget, Chapter 81, Statutes of 2019) (collectively, the "2019 Wildfire Legislation"), which among other things created the California Catastrophe Response Council ("Council"), the Wildfire Fund, and the Administrator of the Wildfire Fund ("Administrator");

WHEREAS, the Council is vested with the authority to appoint an Administrator pursuant to Government Code Section 8899.72;

WHEREAS, the Council is vested with the authority to oversee the Administrator's operation, management, and administration of the Wildfire Fund pursuant to Government Code Section 8899.72;

WHEREAS, the Council is specifically vested with the authority to oversee the Administrator's duties as enumerated in Public Utilities Code Section 3281;

WHEREAS, on September 19, 2025, Governor Gavin Newsom signed SB 254 (Becker & Petrie-Norris, Chapter 119, Statutes of 2025) (the "2025 Wildfire Legislation"), which, among other things, established the Wildfire Fund Continuation Account (the "Continuation Account") as a fund separate and distinct from the Wildfire Fund, to provide additional liquidity for the payment of eligible claims arising from covered wildfires ignited on or after the effective date of the 2025 Wildfire Legislation, to be administered by the Administrator subject to the oversight of the Council;

WHEREAS the Council wishes to delineate specific procedures and processes for use by the Council and Administrator in fulfilling their respective statutory responsibilities;

NOW, THEREFORE, IT IS RESOLVED, that the Council does hereby adopt these Articles of Governance to set out the role and responsibilities of the Council and the Administrator, as follows:

Additionally, the conduct, responsibilities, and duties of the Council and the Administrator are governed by Government Code Sections 8899.70–8899.72, and Public Utilities Code

Sections 3280–3289, 3291–3294, 3296, and 1701.8, and Water Code Sections 80506 and 80542**, together with Chapter 4 (commencing with Section 3298), Chapter 5 (commencing with Section 3299), and Chapter 6 (commencing with Section 3299.100) of Part 6 of Division 1 of the Public Utilities Code, as added by the 2025 Wildfire Legislation, and Public Utilities Code Sections 3280, 3283, and 3292, as amended or reenacted by the 2025 Wildfire Legislation**.

ARTICLE II

General Statement of Council Powers and Authority

The Administrator is authorized to operate the Wildfire Fund within the framework established by law and in accordance with the policies adopted by the Council. The Administrator will continually endeavor to identify and communicate to the Council on a regular basis emerging legal, economic, financial, political, social, technological, and marketplace trends that are likely to affect the Wildfire Fund's fulfillment of its mission, its duties to participating electrical corporations, and its operations, solvency, and management.

Except as otherwise required by the 2025 Wildfire Legislation, the powers and responsibilities of the Council described in this Article II with respect to the Wildfire Fund shall extend equally to the Continuation Account, including the Council's review and approval authority over the annual budget, Plan of Operations, and claims administration procedures applicable to the Continuation Account.

Consistent with statutory dictates to perform specific tasks and generally oversee the Administrator in operating the Wildfire Fund, the Council shall exercise the following statutory responsibilities and will exercise the following enumerated powers:

1. Select and appoint an Administrator.
2. With respect to matters that are not otherwise dictated by the 2019 Wildfire Legislation **or the 2025 Wildfire Legislation**, the Council shall deliberate on and adopt policy directions for the administration of the Wildfire Fund **and the Continuation Account**.
3. Review, adopt, and revise, as necessary, an annual budget for the administration of the Wildfire Fund **and the Continuation Account**.
4. Review and adopt an annual Plan of Operations and annually direct the Administrator to present the Plan of Operations to the appropriate policy committees of the Legislature.
5. Deliberate on and approve the procedures established by the Administrator for its review, approval, and timely funding of eligible claims**, including eligible claims payable from the Continuation Account,** with approval of all amendments to these procedures, prior to the Administrator's use thereof.
6. Perform an annual review of the performance of the Administrator.

7. Direct the Administrator to prepare any reports, including those required pursuant to Public Utilities Code Section ~~3287~~**3283**, regarding the **operation, financial condition, and activities** ~~formation, administration, and disposition~~ of the Wildfire Fund **and the Continuation Account**, and review, adopt, and file such reports with the Legislature and**, where required,** the Department of Finance.

8. **Receive from the Administrator any determination made pursuant to Public Utilities Code Section 3299.1, subdivision (a), and the notification of that determination provided pursuant to subdivision (b), that additional annual contributions to the Continuation Account are required, and, upon that determination, direct the Administrator to prepare and present for approval an annual plan of operations for the Continuation Account pursuant to Section 3298.3.**

ARTICLE III

Duties and Responsibilities of the Wildfire Fund Administrator

In the administration of the Wildfire Fund **and the Continuation Account**, subject to the oversight of the Council, the Administrator has the duty and authority to:

1. Do those things reasonable and necessary for and appropriate to the discharge of the Administrator's express duties as set forth in the 2019 Wildfire Legislation **and the 2025 Wildfire Legislation**.

2. With respect to matters that are not otherwise dictated by the 2019 Wildfire Legislation **or the 2025 Wildfire Legislation**, present to the Council proposed policy directions for the administration of the Wildfire Fund **and the Continuation Account**.

3. Submit to the Council reports, resolutions, and procedures, and make recommendations for legislative action in connection with the laws that govern administration of the Wildfire Fund **and the Continuation Account**.

4. Appear before and offer testimony to Legislative committees and address other groups to inform them of the operations, policies, and procedures of the Wildfire Fund, as well as positions taken by the Council (if any) on proposed laws and other issues.

5. Establish, and propose to the Council for approval, procedures for the review, approval, and timely funding of eligible claims, as provided for in Public Utilities Code Section 3284, subdivision (g), **and with respect to eligible claims payable from the Continuation Account, consistent with Section 3298.1, subdivision (d),** prior to the Administrator's use thereof.

6. Determine the amounts of eligible claims payable and fund those claims by and pursuant to claims administration procedures described above in paragraph 5, to the Wildfire Fund's participating electrical corporations.

6A. Determine the amounts of eligible claims payable from the Continuation Account and fund those claims pursuant to claims administration procedures approved under paragraph 5.

6B. On or after the date the Public Utilities Commission notifies the Administrator pursuant to Public Utilities Code Section 3299, subdivision (b), that all investor-owned utilities have elected to participate in the Continuation Account, and not later than December 31, 2028, determine, pursuant to Section 3299.1, subdivision (a), whether additional annual contributions to the Continuation Account are required, and if so, provide the notification required by Section 3299.1, subdivision (b), to the Public Utilities Commission, the Department of Water Resources, and each investor-owned utility.

7. Retain, employ, and contract with officers, experts, employees, accountants, actuaries, financial professionals, and other executives, advisers, consultants, attorneys, and professionals as may be necessary in the Administrator's judgment for the efficient operation and administration of the Wildfire Fund **and the Continuation Account**.

8. Enter into contracts and other obligations relating to the operation, management, and administration of the Wildfire Fund **and the Continuation Account**.

9. Optimize the risk and return profile of the Wildfire Fund **and the Continuation Account**, including investing the moneys in the Wildfire Fund **and the Continuation Account**, with all investments in securities being solely in those securities eligible for investment of State funds pursuant to Section 16430 of the Government Code, as reflected in the current Investment Policy of the Wildfire Fund, which will be routinely reviewed and amended as needed.

10. Determine the appropriate capital structure of the Wildfire Fund **and the Continuation Account** to maximize the durability and claims paying resource of the fund**, including with respect to the bonds authorized to be issued in support of the Continuation Account**. This could include issuing debt secured by future flows into the fund, buying insurance, reinsurance, or other risk transfer, or taking other actions to maximize the claims paying resources of the fund.

11. Direct the preparation of adequate statistical records to serve as a basis for actuarial investigations and computations in sufficient detail to reasonably support entering into fund durability contracts, including insurance, reinsurance, or other risk transfer contracts.

12. Pay costs, expenses, and other obligations of the Wildfire Fund **and the Continuation Account**, including, but not limited to costs, expenses, and other obligations incurred by or on behalf of the Administrator in the exercise of its duties and obligations, from Wildfire Fund **or Continuation Account, as applicable,** assets.

13. Manage the Wildfire Fund **and the Continuation Account** to prioritize the use of contributions of the electrical corporations before the use of contributions by ratepayers to the extent practicable.

14. Take any actions necessary to collect any amounts owing to the Wildfire Fund **or the Continuation Account** from any third party, including, but not limited to, participating electrical corporations.

15. Submit to the Council for review and approval all annual budgets for the administration of the Wildfire Fund **and the Continuation Account**, all annual Plan of Operations, all amendments to the Wildfire Fund's **and the Continuation Account's** claims administration procedures, any and all periodic reports to the Legislature and the Department of Finance requested for preparation by the Council, and all other documents and information consistent with and necessarily implied by these Articles of Governance.

16. Participate in any Public Utilities Commission proceedings, as deemed necessary by the Administrator to preserve and protect the interest of the Wildfire Fund **or the Continuation Account**, including any proceeding related to the potential reimbursement of moneys paid from the Wildfire Fund **or the Continuation Account** to a participating electrical corporation.

17. Accept service of summons and any other legal service of process for and on behalf of the Administrator, the Council, or any individual Council member on matters related to the Wildfire Fund **or the Continuation Account**.

18. Take any other actions reasonable and necessary to administer the Wildfire Fund **and the Continuation Account** in a manner consistent with the policy directives as approved by the Council.

ARTICLE IV

Officers of the Council; Meeting Procedures

1. **Chair. The Council shall elect one of its members to serve as Chair for a term of one year, or until a successor is elected. The Chair shall preside at meetings of the Council and, in consultation with the Administrator, shall set the agenda for each Council meeting as provided in paragraph 4 below.**

2. **Vice Chair. The Council shall elect one of its members to serve as Vice Chair for a term coextensive with that of the Chair. The Vice Chair shall perform the duties of the Chair during the Chair's absence, disability, or a vacancy in the office of Chair, and shall otherwise assist the Chair as the Chair may direct.**

3. **Vacancy; Succession. If the office of Chair becomes vacant, the Vice Chair shall serve as Acting Chair until the Council elects a successor at its next regularly scheduled meeting. If the office of Vice Chair becomes vacant, the Council shall elect a successor at its next regularly scheduled meeting.**

4. **Agenda. The Chair, in consultation with the Administrator, shall establish the agenda for each meeting of the Council. Any member of the Council may request that an item be placed on the agenda for a future meeting.**

5. **Voting. Except as otherwise provided by statute or these Articles, action of the Council requires the affirmative vote of a majority of the members present at a meeting at which a quorum, as defined in Government Code Section 8899.71, is present. A member unable to attend in person may participate and vote by teleconference in accordance with Government Code Sections 11123 or 11123.2. A tie vote shall be deemed a failure of the motion.**

6. **Delegated Authority in Exigent Circumstances. Between regularly scheduled meetings of the Council, and only under exigent circumstances requiring action before the next scheduled meeting can reasonably be convened, the Chair, in consultation with the Administrator, may take such interim action as is reasonably necessary to protect the interests of the Wildfire Fund or the Continuation Account. Any interim action taken under this paragraph shall at all times comply with the Bagley-Keene Open Meeting Act, and nothing in this paragraph is intended to, or shall be construed to, circumvent, substitute for, or excuse compliance with the statutory requirements for calling and noticing an emergency meeting or a special meeting of the Council under Government Code Sections 11125.4 and 11125.5. Any action taken under this paragraph shall be reported to the full Council, and shall be subject to ratification or rescission by the Council, at its next meeting.**

RESOLVED further, that these Articles of Governance are effective when approved by a majority vote of the Council and executed by the Chairperson of the Council.

November 5, 2026

Item Name: CPUC Cost Recovery Process and PG&E Application for Cost Recovery Update

Recommended Action: Information Only

Executive Summary

When a participating California investor-owned utility (IOU) such as PG&E, Southern California Edison (SCE), or SDG&E pays wildfire-related claims arising from a utility-linked wildfire, it does not automatically recover those liability costs from ratepayers. Instead, the utility must file a formal application with the California Public Utilities Commission (CPUC) requesting a finding that recovery of wildfire-related costs from ratepayers is "just and reasonable."

IOUs' right to access the Wildfire Fund for wildfire claim settlements comes with the responsibility to reimburse the Wildfire Fund (up to a "cap") if the CPUC determines that the IOU had been imprudent in the management of its infrastructure.

PG&E's pending application to the CPUC for cost recovery following the Kincade and Dixie Fires is the first opportunity since the 2019 creation of the Wildfire Fund to observe the CPUC process and evaluate how potential outcomes may impact the Wildfire Fund.

The cost recovery process was significantly modified by AB 1054 (2019), which established the California Wildfire Fund and created a new prudency framework for catastrophic wildfire proceedings before the CPUC. The CPUC's review focuses not only on the reasonableness of the dollar amounts paid to settle claims, but also on whether the utility acted reasonably before, during, and after the wildfire event – that is, was a prudent manager of its system. IOUs that maintain a safety infrastructure safety certification through the Office of Energy Infrastructure Safety are entitled to a rebuttable presumption of prudency in the proceeding.

The current PG&E application related to the 2019 Kincade Fire and 2021 Dixie Fire provides the first opportunity to observe how the process works. The proceeding is evaluating whether wildfire claim payments, litigation expenses, restoration costs, and related financing costs should ultimately be borne by customers, shareholders, the Wildfire Fund, or some combination thereof.

Background

AB 1054 created the Wildfire Fund and established a revised prudency standard for utility cost recovery following a covered wildfire. Once substantially all claims from an IOU-linked wildfire have been resolved and paid, the IOU may file an application with the CPUC seeking approval to recover certain costs through rates. If the claims have been reimbursed by the Wildfire Fund, then the Administrator may direct the IOU to initiate the proceeding. The CPUC then conducts detailed proceedings to determine whether those costs satisfy the statutory requirements established under Public Utilities Code Sections 1701.8 and 451.1.[1]

On November 14, 2025, PG&E filed its Application for Review and Recovery of Costs Associated with the 2019 Kincade Fire and 2021 Dixie Fire. The filing was made following a request from the Wildfire Fund Administrator and after PG&E represented that it had paid substantially all third-party damage claims associated with the two fires.

The CPUC's objective is not simply to verify that expenditures were incurred. Rather, the Commission must determine whether the IOU's conduct and resulting costs satisfy the statutory standard of reasonableness established by Public Utilities Code Section 451.1.

This review ultimately determines whether costs should:

- Be recovered from ratepayers,
- Remain the responsibility of shareholders,
- Remain covered through Wildfire Fund reimbursements.

The review will also confirm that any cost recovery requested amounts are offset by insurance payments and Wildfire Fund payments received by the IOU.

Scope of the CPUC Prudency Review Proceeding

Following the filing of PG&E's Application for Review and Recovery of Costs Associated with the 2019 Kincade Fire and 2021 Dixie Fire the CPUC initiated a formal AB 1054 Prudency Review Proceeding to determine whether PG&E's conduct and resulting wildfire-related costs satisfy the statutory standard for cost recovery through customer rates. The proceeding represents the first

[1] California Public Utilities Code § 451.1 (2025). This memorandum is intended as a general summary and overview of the wildfire cost recovery process before the CPUC. Some of the more complex elements of the regulatory framework are simplified for clarity and brevity.

application of the AB 1054 cost recovery framework and serves as the mechanism through which the CPUC evaluates whether wildfire-related costs are "just and reasonable" under Public Utilities Code Sections 1701.8 and 451.1. See **Appendix 1** for the proceeding schedule.

The central focus of the proceeding is an examination of PG&E's conduct before and during the events that gave rise to the Kincade and Dixie Fires. The CPUC evaluates whether PG&E acted in a manner consistent with what a reasonable utility would have done under similar circumstances and based upon the information available at the time. Under AB 1054, this prudency determination is the foundation for any subsequent decision regarding rate recovery and represents the most significant issue before the Commission. Because PG&E had a valid safety certificate in 2021 it is entitled to a presumption of prudency with regard to the Dixie Fire. At the time of the Kincade Fire in 2019, OEIS had not yet initiated the safety certification process.

In addition to evaluating utility conduct, the CPUC reviews the reasonableness of the costs PG&E incurred to resolve third-party wildfire claims. This review encompasses settlements with individual property owners, businesses, public entities, and insurers pursuing subrogation claims. The Commission assesses whether the settlement amounts, claims management practices, and overall resolution strategy were appropriate and reasonable under the circumstances. These and other costs are detailed in Appendix 2.

The proceeding also includes a detailed examination of litigation and defense costs associated with both wildfire events. PG&E seeks recovery of costs related to outside counsel, expert witnesses, consultants, mediation activities, discovery and e-discovery services, and other legal expenses incurred while defending and resolving wildfire claims. The CPUC evaluates whether these expenditures were necessary, prudently incurred, and reasonable in amount.

A separate component of the review addresses restoration and infrastructure costs recorded in PG&E's Catastrophic Event Memorandum Account (CEMA). These costs include emergency response activities, service restoration efforts, repair and replacement of damaged utility facilities, and associated financing costs. The Commission examines whether the restoration activities were appropriate and whether the resulting expenditure should be eligible for recovery from customers.

The proceeding further evaluates the treatment of insurance recoveries and reimbursements received from the California Wildfire Fund. Because significant portions of wildfire costs may have already been reimbursed through insurance proceeds or Wildfire Fund payments, the CPUC must determine the proper allocation of costs among ratepayers, shareholders, insurers, and the Wildfire Fund. This aspect of the review is intended to ensure that customers do not pay for costs that have

already been recovered through other sources and that the final allocation of wildfire-related expenses is consistent with the objectives of AB 1054.

To support its decision-making process, the CPUC scheduled evidentiary hearings from August 17 through August 20, 2026, following a July 22, 2026 ruling by the assigned Administrative Law Judge (ALJ). During these hearings (now deferred as explained below), parties present testimony and cross-examination regarding whether PG&E's conduct related to the ignition of the 2019 Kincade Fire and 2021 Dixie Fire was prudent and reasonable; whether wildfire claim settlements, litigation expenses, and restoration costs were reasonable; and the extent to which these costs may be recovered through customer rates under AB 1054.

Any interested party may seek intervenor status and participate fully in the CPUC prudency review proceeding. Intervenors typically include consumer advocates, local governments, ratepayer groups, wildfire victim representatives, and other stakeholders that may be affected by the outcome of the case. Throughout the proceeding, intervenors review the utility's application and supporting evidence, submit discovery requests, sponsor expert testimony, participate in evidentiary hearings, cross-examine utility witnesses, and file legal briefs and comments regarding the reasonableness of the utility's conduct and claimed costs.

CPUC Prudency Hearing Updates

The CPUC provides period updates through a formal docket process, where rulings, motions, briefs, notices and proposed or final decisions are posted as they are issued. The following are updates of note:

> ***July 22, 2026 – ALJ's Ruling Setting Evidentiary Hearing*** - the ALJ provided a detailed outline and schedule of the Evidentiary Hearings slated to start on August 17, 2026
>
> ***August 3, 2026 – Virtual Proceeding Status Conference*** – the ALJ held a status conference with all parties to discuss the status of the proceedings between PG&E and intervenors. The ALJ confirmed that all involved understood the protocol and processes for the upcoming hearings. All parties agreed that the hearings would continue as scheduled.
>
> ***August 14, 2026 – Email Ruling Taking Evidentiary Hearings Off Calendar***- the ALJ submitted a ruling indicating that the evidentiary hearings have been taken off calendar and has set procedural requirements and modification.
>
> The ALJ's email ruling, as outlined above, removes the previously scheduled evidentiary hearings from the CPUC calendar after PG&E and the other parties reached agreement on

factual stipulations regarding key issues in the proceeding. As a result, live testimony and cross-examination were deemed unnecessary, and the proceeding will continue based on the written evidentiary record. The ruling also established a revised procedural schedule, including deadlines for filing motions to admit stipulations and exhibits into evidence, extending the opening brief page limit, and modifying briefing deadlines. The proceeding remains on track, with the CPUC continuing its review of PG&E's request for recovery of costs associated with the 2019 Kincade Fire and 2021 Dixie Fire and a proposed decision currently anticipated in November 2026. See Appendix 1 for a revised schedule of events.

September 11, 2026 – Opening Briefs Filed – PG&E and two intervenors (Small Business Utility Advocates and CalAdvocates) filed their respective opening brief documents.

October 2, 2026 – Reply Briefs Filed – PG&E and two intervenors filed their respective reply brief documents, which are written responses to the other parties' opening brief documents.

October 2, 2026 – ALJ Ruling Setting Oral Argument – ALJ has scheduled in-person oral arguments for October 26, 2026.

October 26, 2026 – Oral Argument Proceeding – all parties will present concise arguments summarizing their position where the ALJ oversees the proceeding and rules on evidentiary and procedural matters, and ultimately prepares a decision for consideration by the commission.

Possible Outcomes of the CPUC Prudency Review

The CPUC will determine whether PG&E's wildfire-related costs were prudently incurred under California law. Depending on its findings, the Commission could:

- **Approve full cost recovery**, allowing PG&E to recover all approved wildfire-related costs from customers through rates.[1]
- **Approve partial cost recovery**, authorizing recovery of some costs while disallowing others deemed imprudent or unreasonable.[1]
- **Allocate a portion of costs to shareholders**, requiring PG&E investors rather than ratepayers to absorb certain wildfire-related costs.[1]
- **Substantially disallow recovery**, requiring PG&E to bear a significant share of the costs if the Commission finds that applicable prudency standards were not met.[1]

- **Require reimbursement to the California Wildfire Fund**, subject to the AB 1054 statutory framework and applicable reimbursement limits.[2]

The Administrator will continue to provide updates to the Council as appropriate, to include any changes to the hearing schedules or other due dates outlined in the Appendix 1.

Appendix 1

CPUC Evaluation and Decision Timeline for Review and Recovery of Costs Associated with the 2019 Kincade Fire and 2021 Dixie Fire

Date	Milestone	Event Description
October 3, 2025	Wildfire Fund Administrator Request	Wildfire Fund Administrator directs PG&E to file a cost recovery application pursuant to Public Utilities Code §1701.8. PG&E is required to file within 45 days.
November 14, 2025	Application Filed	PG&E files Application A.25-11-001 seeking review and recovery of wildfire-related costs associated with the Kincade and Dixie Fires. PG&E represents that it has paid substantially all third-party claims.
November 14, 2025	CPUC Proceeding Opens	Formal AB 1054 prudency review begins. The Commission commences review of PG&E's requested recovery of WEMA and CEMA costs.
November 2025 - Spring 2026	Discovery and Testimony Phase	Parties review PG&E's prudency showing, Wildfire Fund reimbursements, subrogation settlements, litigation expenses, restoration costs, and recovery proposals. Exact procedural dates are not identified in the materials reviewed.
June 19, 2026	Updated Cost Filing	PG&E files updated wildfire cost information and revised recovery request reflecting additional Wildfire Fund reimbursements and updated expense data.

[2] California Public Utilities Code § 3291

July 22, 2026	ALJ Rule Setting Evidentiary Hearing	The ALJ issued a ruling establishing the evidentiary hearing schedule for the AB 1054 prudency proceeding and directed parties to identify witnesses and hearing panels.
July 31, 2026	Status Conference	Parties were directed to identify panelists and witnesses who would testify during the evidentiary hearings.
August 14, 2026	Email ruling from ALJ taking Evidentiary Hearings Off of Calendar	Evidentiary hearings removed from calendar in light of factual stipulations that the parties have reached.
~~August 17, 2026~~	~~Evidentiary Hearing - Day 1~~	~~Evidentiary hearings in Application A.25-11-001. Testimony and cross-examination begin regarding PG&E's request for recovery of costs associated with the 2019 Kincade Fire and 2021 Dixie Fire.~~
August 21, 2026	Motions to admit factual stipulations and evidence	Motions to admit factual stipulations must be filed and served, and exhibits must be entered into evidence – all by August 21, 2026
September 11, 2026	Opening briefs due	Simultaneous opening briefs filed and served by September 11, 2026 with a 75-page limit
October 2, 2026	Reply briefs due	Simultaneous reply briefs shall be filed and served by October 2, 2026, with a 30-page limit.
October 2, 2026	ALJ schedules oral argument	ALJ scheduled oral argument, where each party verbally presents their position for the record, to occur on October 26, 2026.
November 13, 2026	Proposed Decision Scheduled	CPUC schedule indicates issuance of a Proposed Decision regarding prudency and cost recovery.
November-December 2026 (estimated)	Comments and Reply Comments	Parties typically submit comments and reply comments on the Proposed Decision. Specific dates are not identified in the reviewed documents.

Late 2026 or Early 2027 (TBD)	CPUC Vote	Commission votes to adopt, modify, or reject the Proposed Decision. The exact voting date is not yet identified in the materials reviewed.
Following Final Decision	Cost Recovery Implementation	If approved, PG&E may proceed with financing and recovery mechanisms, including potential wildfire recovery bonds and long-term rate recovery.

Appendix 2

PG&E Application for Cost Recovery – Dixie and Kincade Fires (updated)

TABLE 3
TOTAL WEMA COSTS (AS OF JULY 31, 2026)
(THOUSANDS OF DOLLARS)

Line No.	Cost Item	Kincade	Dixie	Both Fires
1	Claims Payments <$1 Billion	$1,000,000	$1,000,000	$2,000,000
2	Insurance Reimbursements	(430,000)	(520,000)	(950,000)
3	Claims Payments >$1 Billion	322,894	1,062,233	1,385,127
4	Wildfire Fund Reimbursements[a]	(127,725)	(1,035,113)	(1,162,838)
5	FERC Jurisdictional Costs	(125,676)	(80,354)	(206,030)
6	Interest	73,131	84,716	157,847
7	*Net Claims*	$712,624	$511,482	$1,224,106
8	Litigation Costs	$65,867	$153,621	$219,488
9	FERC Jurisdictional Costs	(6,376)	(14,714)	(21,081)
10	Interest	10,205	16,255	26,460
11	*Net Litigation Costs*	$69,705	155,162	$224,867
12	*WEMA Balance (July 31, 2026) (lines 7 and 11)*	782,329	666,644	1,448,973
13	*Total WEMA Costs Under Review (lines 4 and 12)*	$910,054	$1,701,757	$2,611,811

WEMA Costs (Wildfire Expense Memorandum Accounts) – include claims payments, legal expenses, and finance costs tied to a wildfire event.

FERC Costs – Federal Energy Regulatory Commission – federal agency that regulates interstate transmission costs, such as new transmission lines

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

Line No.	Costs and Revenue Requirements	Expense	Capital
1	Total CEMA Costs	$245,471	$83,419
2	CEMA Revenue Requirement (Without Interest)	245,263	70,268
3	Interest (2019-2027)[a]	$55,129	$3,037
4	CEMA Revenue Requirement (with Interest)	$300,392	$73,305

CEMA Costs – Catastrophic Event Memorandum Account – costs related to restoring service, repairing, restoring, or replacing damaged utility facilities.

CEMA Revenue Requirements with Interest – the total amount of expenses including interest that the utility is asking to recover through rates. Capital expenses are added to the rate base.

Source: https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2511001/9683/614474084.pdf

November 5, 2026

Item Name: Administrator's Operational Reports

Recommended Action: Discussion Item

CEA Executive Staff will report on the following:

A. Financial Report
B. Enterprise Risk Management
C. Claims Administration Update

November 5, 2026

Item Name: Financial Report

Recommended Action: Discussion Item

CEA Chief Financial Officer Tom Hanzel will provide the California Catastrophe Response Council (Council) with a financial report on the Wildfire Fund as of September 30, 2026.

Key Focus Area:
The primary focus of the financial report is to provide the Council with an update on the fund's ability to meet current and future claim obligations, maintain adequate liquidity, and ensure prudent stewardship of fund assets. This includes evaluating asset performance, analyzing claim trends and volumes, and monitoring the fund's long term financial sustainability.



FINANCIAL REPORT

September 30, 2026

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Financial Statements

California Wildfire Fund
Balance Sheets

UNAUDITED

	September 30, 2026	September 30, 2025
Assets		
Cash and investments:		
Cash and cash equivalents	$ 8,717,406,617	$ 7,038,588,876
Investments	6,023,082,733	6,702,944,725
Total cash and investments	14,740,489,350	13,741,533,601
Interest receivable	30,584,705	37,288,549
Total assets	$ 14,771,074,055	$ 13,778,822,150
Liabilities and Net Position		
Loss and loss adjustment expense reserves	$ 637,428,315	$ 531,146,718
Securities payable	242,864,808	104,360,740
Accounts payable and accrued expenses	1,559,817	1,814,539
Related party payable - CEA	280,790	258,740
Total liabilities	882,133,730	637,580,737
Net position:		
Restricted for CWF	13,888,940,325	13,141,241,413
Total net position	13,888,940,325	13,141,241,413
Total liabilities and net position	$ 14,771,074,055	$ 13,778,822,150

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

UNAUDITED

	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Additions to fund assets:		
Rate payer monthly NBCs	$ 663,565,297	$ 664,056,396
Total contributions	663,565,297	664,056,396
Investment income & expenses	325,960,141	321,431,184
Change in unrealized gain/(loss)	(118,078,883)	327,714,654
Net investment income/(loss)	207,881,258	649,145,838
Total additions to fund assets	871,446,555	1,313,202,234
Deductions to fund assets:		
Losses and loss adjustment expenses	820,000,000	330,000,000
General and administrative expenses	5,323,329	6,417,808
Personnel expenses	1,063,330	668,704
Total deductions to fund assets	826,386,659	337,086,512
Increase/(decrease) in net position	45,059,896	976,115,722
Net position, beginning of year	13,843,880,429	12,165,125,691
Net position, end of period	$ 13,888,940,325	$ 13,141,241,413

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

	Actual Activity for Nine Months Ended September 30, 2026	Approved Budget for Nine Months Ended September 30, 2026	Actual Activity for Nine Months Ended September 30, 2025	Approved Budget for FYE 2026
Additions to fund assets:				
Rate payer monthly NBCs, net	$ 663,565,297	$ 665,969,078	$ 664,056,396	$ 901,245,965 *
Utility annual contributions	-	-	-	300,000,000
Investment income (net of expenses)	325,960,141	363,702,251	321,431,184	488,191,129
Total additions to fund assets	**$ 989,525,438**	**$ 1,029,671,329**	**$ 985,487,580**	**$ 1,689,437,094**
Deductions to fund assets:				
Wildfire paid claims	$ 425,817,954	$ 530,863,443	$ 505,174,576	$ 613,246,269
Personnel expenses - allocated from CEA	1,063,330	1,546,593	668,704	2,127,227
General and administrative expenses:				
SB 254 study	3,523,897	4,586,229	-	4,730,519
Wildfire fund durability initiatives	-	-	4,456,745	-
Other contracted services	600,248	629,998	925,300	860,000
Direct legal services-general	108,639	123,750	97,238	165,000
Financial services consulting	224,970	231,411	223,492	312,879
Bank fees	239,696	242,725	214,524	327,721
G&A expenses - allocated from CEA	603,299	602,920	495,141	803,876
Travel	-	18,560	-	24,680
Software and licenses	-	400	109	600
Direct IT services	-	800	-	1,000
Audit fees	4,000	4,000	4,000	4,000
Printing & stationery	1,626	3,600	-	4,800
CCRC & meeting expenses	16,954	5,250	1,259	6,000
Total general and administrative expenses:	5,323,329	6,449,643	6,417,808	7,241,075
Total deductions to fund assets	**$ 432,204,613**	**$ 538,859,679**	**$ 512,261,088**	**$ 622,614,571**
Change in unrealized gain/(loss)	(118,078,883)	- **	327,714,654	-
Overall change to fund assets	**$ 439,241,942**	**$ 490,811,650**	**$ 800,941,146**	**$ 1,066,822,523**

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

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

California Wildfire Fund
Cost Allocation Methodology and Calculation for the Nine Months Ended September 30, 2026 and 2025
09/30/2026

Note 1: Cost Allocation Approach

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

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

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

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

Note 2: Direct and Indirect Costs

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

	Nine Months Ended Sept'26		Nine Months Ended Sept'25	
Department	Hours	Salaries & Benefits	Hours	Salaries & Benefits
1. Comms	561.25	42,564	605.50	50,055
2. Exec	1,711.85	430,336	1,117.10	158,390
3. Finance	887.75	190,598	871.50	157,153
4. IT	43.00	7,447	0.00	-
5. Internal Ops	27.25	2,447	68.25	7,028
6. Insurance Ops	1,019.50	188,042	190.25	42,643
7. Legal	568.75	68,003	754.40	182,697
Total Direct Hours/Costs	4,819.35	929,437	3,607.00	597,966

	Sept'26		Sept'25
CWF Salary & Benefit costs =	929,437	A	597,966
CEA Salary & Benefit costs =	16,909,562	B	18,583,367
	17,838,999	C	19,181,333
Allocation % =	5.21%	= A/C	3.12%

All other indirect costs, except for Clearwater charges and LMF employee S&B allocation, were allocated to the CWF based on the 5.21% and 3.12% allocations noted above. The Direct Investment Technology Support line item below consists of Clearwater (investment accounting and compliance software) charges that are allocated to the CWF based upon CWF's share of total assets under management of the CEA and CWF combined. The LMF employee S&B allocation is related to certain members of the LMF team who participated in the SB 254 study. The remaining indirect expenses noted below were charged to the CWF using the allocation percentages noted above.

Account Name	Acct #	Amount	Amount
HR and IT staff allocation	85101-16	110,036	70,738
Loss Mitigation Employee S&B allocated	85157-07	23,857	-
Rent-Office and Parking	86400-16	22,648	7,280
Rent-Office Equip/Furniture	86450-16	621	390
Building Maintenance and Repairs	86475-16	564	130
Furniture/Equipment <$5000	86500-16	82	263
EDP Hardware <5000	86505-16	7,045	3,574
EDP Software <5000	86506-16	78,720	51,227
Office Supplies	86510-16	1,467	721
Postage	86530-16	117	113
Telecommunications	86550-16	9,764	6,495
Insurance Expense	86600-16	26,000	15,834
Other Administration Services	88175-16	1,391	1,187
Direct Investment Technology Support	89805-16	454,880	407,927
	Total Indirect Costs	737,192	565,879
	Total Costs	1,666,629	1,163,845

Contributions & NBCs Received

California Wildfire Fund
Contributions & NBCs Received
As of September 30, 2026

	Description	Date Received	Amount
1.	SDG&E initial capital contribution	9/9/2019	322,500,000
2.	SoCal Edison initial capital contribution	9/9/2019	2,362,500,000
3.	SDG&E 2019 annual contribution	12/19/2019	12,900,000
4.	SoCal Edison 2019 annual contribution	12/27/2019	94,500,000
5.	PG&E initial capital contribution	7/1/2020	4,815,000,000
6.	PG&E 2019 annual contribution	7/1/2020	192,600,000
7.	IOUs 2020 annual contributions	December-20	300,000,000
8.	IOUs 2021 annual contributions	December-21	300,000,000
9.	IOUs 2022 annual contributions	December-22	300,000,000
10.	IOUs 2023 annual contributions	December-23	300,000,000
11.	IOUs 2024 annual contributions	December-24	300,000,000
12.	IOUs 2025 annual contributions	December-25	300,000,000
		Total IOU Contributions	9,600,000,000
1.	SMIF Loan Proceeds	8/15/2019	2,000,000,000 *
2.	SMIF Loan Principal Payments	4/25/2023	(2,000,000,000)
3.	2021 NBC funds received	12-months of 2021	875,076,565
4.	2022 NBC funds received	12-months of 2022	1,116,593,213
5.	2023 NBC funds received	12-months of 2023	888,460,672
6.	2024 NBC funds received	12-months of 2024	889,304,019
7.	2025 NBC funds received	12-months of 2025	924,841,023
8.	2026 NBC funds received	9-months of 2026	663,565,297 **
		Total SMIF Loan Activity & NBCs Received	5,357,840,789
		Total Funds Received & Reimbursed	$ 14,957,840,789

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

** - NBC funds received by CWF are net of DWR administrative and operating expenses (A&O). For the first eight months of fiscal year 2026, the DWR incurred $2.5mm of A&O expenses and retained $1.6mm of funds in the DWR Charge Fund to pay future A&O expenses.

Investment Analysis

California Wildfire Fund

CWF Portfolio Overview

9/30/2026

September 30, 2026

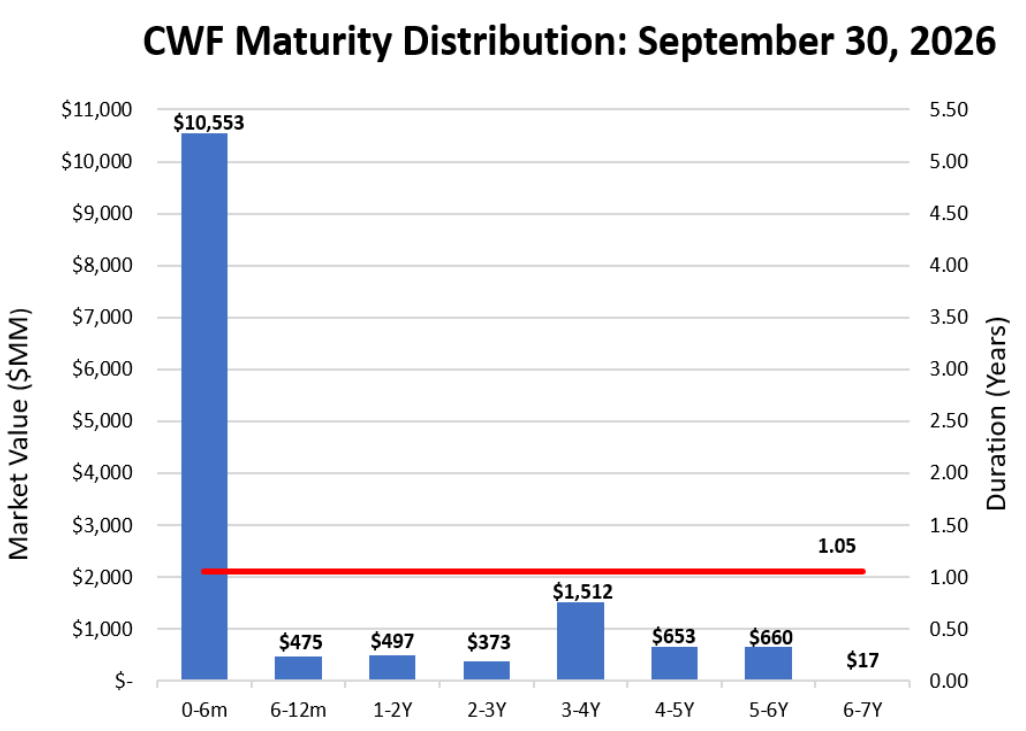
The CWF's total portfolio market value for September 2026 was $14.74 billion with an average duration of 1.05 years and average credit ratings of "AA+".

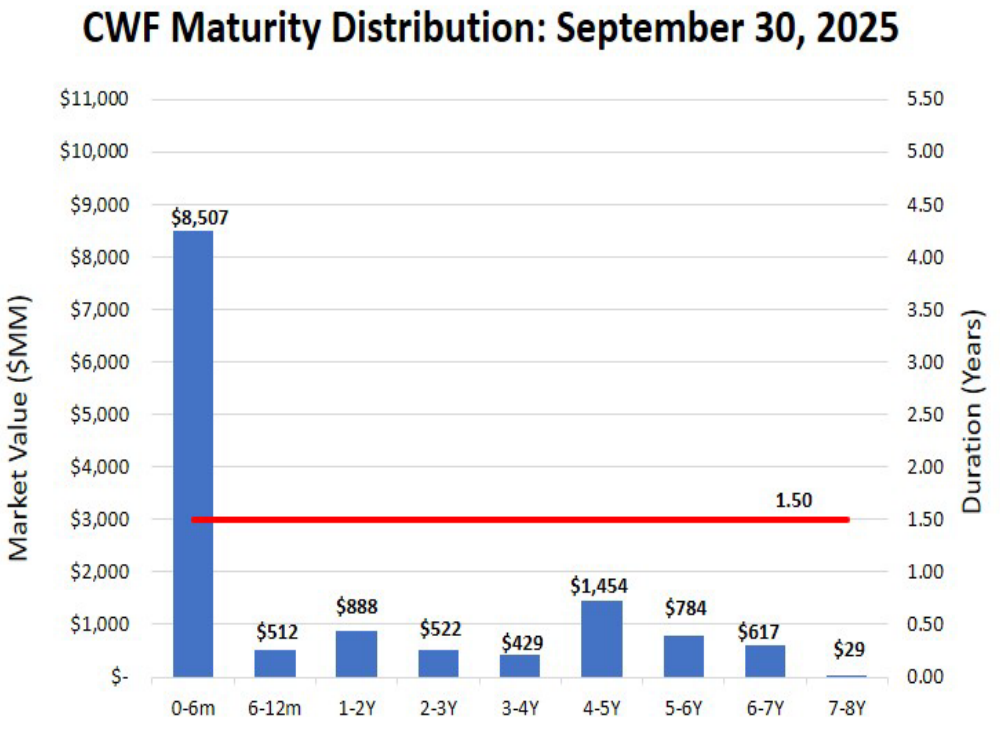
CWF Investment Portfolio as of September 30, 2026				
Sector	**Value ($MM)**	**% of Portfolio**	**Avg Credit Rating**	**Duration (Yrs)**
U.S. Treasury	$ 11,598	78.7%	AA+	0.71
U.S. Agency & Supranational	389	2.6%	AA+	2.75
Corporates	2,409	16.3%	A+	2.45
U.S. TSY MMF & Cash	344	2.4%	AAA	0.00
Total	**$ 14,740**	**100.0%**	**AA+**	**1.05**

September 30, 2025

The CWF's total portfolio market value for September 2025 was $13.74 billion with an average duration of 1.50 years and average credit ratings of "AA+".

CWF Investment Portfolio as of September 30, 2025				
Sector	**Value ($MM)**	**% of Portfolio**	**Avg Credit Rating**	**Duration (Yrs)**
U.S. Treasury	$ 9,753	71.0%	AA+	1.06
U.S. Agency & Supranational	510	3.7%	AA+	2.95
Corporates	2,859	20.8%	A+	2.98
U.S. TSY MMF & Cash	620	4.5%	AAA	0.00
Total	**$ 13,742**	**100.0%**	**AA+**	**1.50**

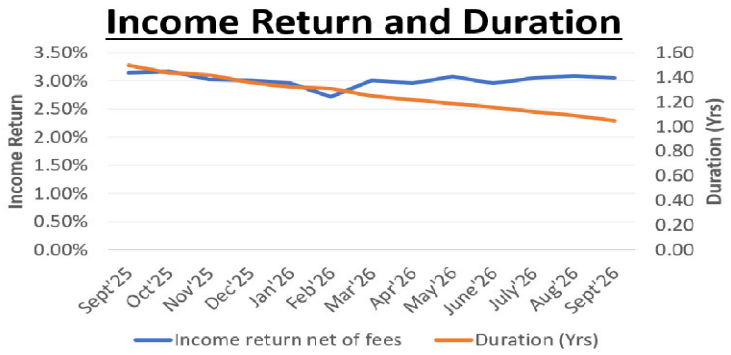


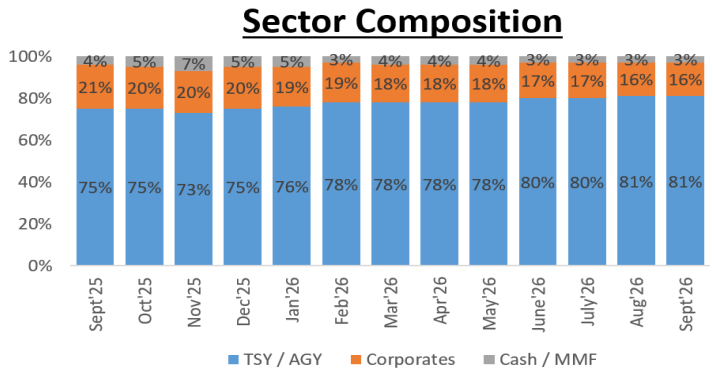


California Wildfire Fund
CWF Portfolio 12-Month History
September 30, 2026

CWF Investment Portfolio Overview													
	Sept'25	**Oct'25**	**Nov'25**	**Dec'25**	**Jan'26**	**Feb'26**	**Mar'26**	**Apr'26**	**May'26**	**June'26**	**July'26**	**Aug'26**	**Sept'26**
Total Portfolio													
Market Value - Cash & Investments ($MM)	$13,742	$13,785	$14,009	$14,061	$14,369	$14,304	$14,395	$14,396	$14,462	$15,050	$14,579	$14,787	$14,740
Investment income ($MM) *	36.21	36.79	35.45	35.71	35.51	32.94	36.49	35.95	37.54	36.88	38.15	38.34	38.05
Change in unrealized gain/(loss) ($MM)	10.34	17.38	25.15	(4.95)	0.21	48.41	(65.8)	3.01	(3.57)	(3.87)	(20.55)	(1.66)	(74.25)
Investment management fees and bank fees ($MM)	0.40	0.40	0.41	0.41	0.41	0.42	0.43	0.43	0.43	0.43	0.43	0.43	0.43
fees as a % of average AUM	0.0029%	0.0029%	0.0030%	0.0029%	0.0029%	0.0030%	0.0030%	0.0030%	0.0030%	0.0030%	0.0030%	0.0029%	0.0029%
Income return gross of fees	3.18%	3.21%	3.06%	3.05%	3.00%	2.76%	3.05%	3.00%	3.12%	3.00%	3.09%	3.13%	3.09%
Income return net of fees	3.14%	3.17%	3.03%	3.02%	2.96%	2.72%	3.02%	2.96%	3.09%	2.96%	3.06%	3.10%	3.06%
Yield to Maturity	3.91%	3.61%	3.58%	3.47%	3.42%	3.38%	3.66%	3.71%	3.53%	3.82%	3.66%	3.82%	4.15%
Duration (Yrs)	1.50	1.44	1.42	1.36	1.32	1.31	1.25	1.22	1.19	1.16	1.12	1.09	1.05
Portfolio Composition (%)													
TSY / AGY	75%	75%	73%	75%	76%	78%	78%	78%	78%	80%	80%	81%	81%
Corporates	21%	20%	20%	20%	19%	19%	18%	18%	18%	17%	17%	16%	16%
Cash / MMF	4%	5%	7%	5%	5%	3%	4%	4%	4%	3%	3%	3%	3%

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





November 5, 2026

Item Name: Enterprise Risk Management Program

Recommended Action: Information only

Executive Summary

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

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

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

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

Risk Reporting

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

Risk Name	Description	Inherent Risk Score	Control Effectiveness	Residual Risk Score
Wildfire Modeling	Distorted or incorrect view of Wildfire Fund durability due to invalid, inaccurate, or outdated methods or assumptions in external or internal wildfire models	○ High	○ Strong	○ Medium

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

Risk Name	Description	Inherent Risk Score	Control Effectiveness	Residual Risk Score
	performance objectives not achieved			
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 Q3 2026, supported by targeted controls such as updated policies, 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.

Legislative/Regulatory

There were no significant reforms impacting the CWF during the legislative session. One bill, SB 1206, chaptered September 27th, has minor impacts on CEA. The new law changes the responsibility to approve CEA's auditors from the Department of Finance to the Insurance Commissioner. CEA's audited financial statements include the CWF as a custodial fund. The new law also expressly applies Government Code 19990 to CEA's civil service employees. CEA has an

existing policy addressing incompatible activities which is required to be read, acknowledged and followed by all employees.

The CEA will continue to monitor any changes.

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 July, the Office of Energy Infrastructure Safety (Energy Safety) released its 2024 Quality Control and Quality Assurance (QA/QC) program audit of Pacific Gas and Electric's (PG&E) approved 2023 to 2025 Wildfire Mitigation Plan (WMP). Energy Safety's audit determined that PG&E met its QA/QC asset inspection targets (for both transmission and distribution) for calendar year 2024.

In September, Energy Safety issued its Annual Performance Report (formerly Annual Report on Compliance) for Pacific Gas and Electric's (PG&E) 2024 Wildfire Mitigation Plan (WMP). Energy Safety's annual performance report is a comprehensive assessment of the implementation of PG&E's 2024 WMP and its wildfire risk reduction initiatives. PG&E completed 54 of 56 (96%) of its 2024 WMP initiatives. The missed targets were for system hardening transmission shunt splices and wood and slash management.

Also in September, Energy Safety issued its Annual Performance Report for San Diego Gas and Electric's (SDG&E) 2024 Wildfire Mitigation Plan (WMP). This annual performance report is a comprehensive assessment of the implementation of SDG&E's 2024 WMP and its wildfire risk reduction initiatives. SDG&E completed 33 of 59 (56%) initiatives and has a year-over-year trend of missing targets. Included were missed targets in 2024 for strategic undergrounding, transmission overhead hardening, advanced protection, communication reliability improvements, strategic pole replacement, and standby power. Similar targets were missed more than once from 2020 to 2023. According to Energy Safety, in missing its 2024 initiative targets, SDG&E failed to reduce its wildfire risk in the manner committed to customers and the people of California.

Information Security

The Information Security program continued to mature since the previous reporting period, with significant progress toward strengthening the organization's control environment and audit readiness. During this period, the team has focused on adding sustained operating capacity for IT risk, third-party risk, AI risk, and third-party access governance. In particular, the focus is on hiring additional resources, including an IT Risk and Third-Party Risk manager and an IT Governance and Compliance Engineer. CEA's third-party risk management program has matured significantly, with additional processes for segmenting and capturing AI risk in addition to supply chain risk. Substantial progress has been made in formally documenting processes which will support the next SOC 2 Type II certification period. The Governance, Risk, and Compliance platform has been deployed to full production and is successfully capturing automated data that previously required extensive manual intervention.

In addition, the organization has selected an Identity Governance and Administration platform and began deployment in Q3. Additional successes include deployment of security monitoring capabilities through extensive Security Information and Event Management integration, development of an enterprise asset management platform, enhancement of change management processes, and substantial progress in updating and developing security, technology, and governance documentation. Together, these changes combine to significantly improve our holistic security posture and underscore our reputation of adopting thoughtful and proactive security measures that are reflected by reductions in both the annual premium and per-claim retention costs associated with our cyber insurance coverage.

Insurance Renewals

CEA successfully renewed its insurance policies for the 2026-2027 term. These policies are purchased to protect CEA business operations and reduce adverse financial impacts should a loss event occur. Overall program premium decreased by 1.55%, as shown in the table below.

Coverage	Expiring Premium	Renewal Premium	% Change
Businessowners	$2,606	$2,726	4.60%
Directors & Officers/ Employment Practices Liability	$100,000	$105,462	5.46%
Financial Institution Bond	$29,964	$29,964	0.00%
Cyber	$514,700	$502,714	-2.33%
Workers Compensation*	$28,028	$23,960	-14.51
TOTAL PREMIUM	$675,298	$664,826	-1.55%

*Workers Compensation insurance is subject to premium audit; the renewal premium is an estimate.

As can be seen in the above table the cyber insurance renewal is lower than last year. Additionally, it includes more favorable terms, most notably a lower per claim retention. The favorable cyber insurance program renewal reflects the continued confidence that our cyber insurers have in CEA's Security Team who continue to enhance the CEA's information security program as noted above.

Risk and Compliance Committee

In Q3 the Internal Audit team reviewed the Furniture Inventory Policy which determined minor changes were needed.

A workplace ethics training course was assigned, and four policy readings were assigned to all staff in Q2, two updated versions and two annual recurring reads: Code of Conduct and Ethics Training Policy.

November 5, 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

PG&E Application for Cost Recovery and CPUC Prudency Proceeding

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

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Pacific Gas and Electric's (PG&E) service 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 June 30, 2026 reports aggregate liabilities of $1.325 billion and $2.250 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 service 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. SCE's 10-Q report to the SEC for the quarterly period ending June 30, 2026 reports approximately 2000 lawsuits are currently pending against Edison International (SCE's parent company), representing approximately 32,000 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 it 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.

Also, on August 4, 2026, the Los Angeles County Fire Department and CAL FIRE released the results of their 18-month joint investigation into the January 2025 Eaton Fire. The investigation concluded that the fire was caused by electrical arcing from an out-of-service SCE transmission tower located above Eaton Wash, with investigators determining that hot metal particles from the arcing event ignited receptive dry vegetation beneath the tower.

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.

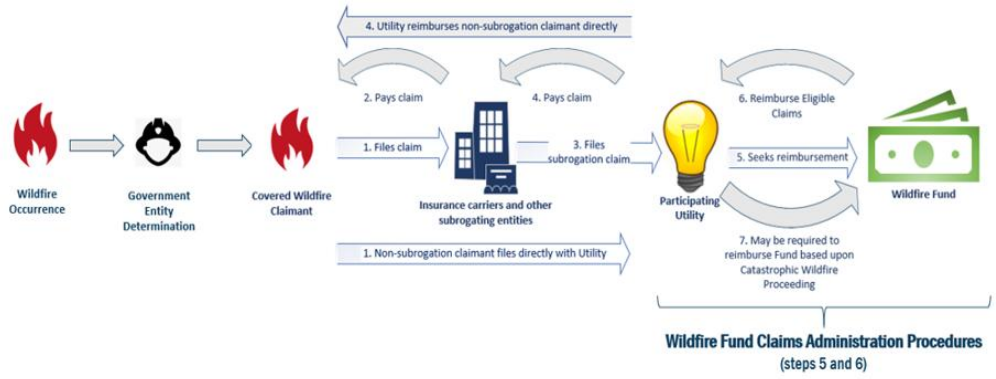


Figure 1. Illustration of the process of handling claims arising from Covered Wildfires

2019 Kincade and 2021 Dixie Fires

See the attached **Q3 2026 California Wildfire Fund Quarterly Wildfire Certification**

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 and has developed a smooth and secure document and data transfer process for all claims as soon as those claims are identified for review. 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 Judgment 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 October 26, 2026, WRCP activity is as follows:

- 5480 claims submitted consisting of 16,673 individuals, trusts, and legal entities
- 51% total losses, 44% smoke and ash, 5% partial losses
- 3,189 offers extended to 7903 claimants, totaling $1.08 billion
- 1,935 claims paid (4,337 claimants) totaling $606M
- 34.6% of claims submitted by plaintiffs' attorneys

The Administrator expects and anticipates ongoing communication with SCE throughout the implementation of the Program. Should the Administrator identify any Program design features, implementation practices or settlement outcomes suggesting that settlements are trending

toward levels inconsistent with Reasonable Business Judgment, the Administrator will bring such matters to SCE's immediate attention. The program is scheduled to end on November 30, 2026.

SCE filed Form 8-K on September 15, 2025 notifying the SEC that a subrogation settlement was reached with an insurance claimant which equates to $0.52 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 informed the Administrator of another subrogation settlement that was negotiated earlier this year. While no specifics have been publicly disclosed, Edison International CEO Pedro Pizarro stated on a recent earnings call that the two subrogation settlements average 55 cents on the dollar.

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

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

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

will facilitate weekly LSP payments to SCE. As of October 23, 2026, payments to SCE through the LSP are as follows:

*Week # is the week # for the reimbursement date				
Year	**2026**	**Date of Request**	**Reimbursement Date**	**Amount**
WEEK	34	8/5/2026	8/17/2026	$77,368,620
	35	8/14/2026	8/24/2026	$51,160,157
	36	8/21/2026	8/31/2026	$11,537,521
	37	8/28/2026	9/8/2026	$39,685,410
	38	9/3/2026	9/14/2026	$10,382,900
	39	9/11/2026	9/22/2026	$7,513,859
	40	9/18/2026	9/29/2026	$14,968,707
	41	9/25/2026	10/6/2026	$16,092,169
	42-1	10/2/2026	10/13/2026	$11,720,648
	42-2	10/8/2026	10/16/2026	$35,301,622
	43	10/15/2026	10/23/2026	$20,050,770
	44	10/21/2026	10/30/2026	$13,846,890
	TOTAL			$309,629,273

SCE has initiated the process of providing Sedgwick claim data through the Provisional Claim Data Template, populating up to 30 variables for each claim. Sedgwick has received this data for the Threshold amount, and has identified claims, though statistical modeling, for further review. SCE is providing detailed claim documentation and support for Sedgwick's review, which will start by end of October 2026.

PG&E Application for Cost Recovery & CPUC Proceeding for Cost Recovery and Prudency

See the attached **CPUC Cost Recovery Process and PGE Application for Cost Recovery Update**

Next Steps

The Administrator will continue to work with PG&E and SCE to review their respective claims using the statutory Reasonable Business Judgment standard, to conclusion. The Administrator is working on a full review of the current Procedures to identify opportunities for improvement

and will share those findings with the Council at the earliest opportunity. 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.

November 5, 2026

Item Name: California Wildfire Fund Quarterly Certification Q3 2026

Recommended Action: Information Only

Introduction

Quarterly Wildfire Certification – Q3 2026
California Wildfire Fund Quarterly Wildfire Certification outlining the Administrator's review of claims for Reasonable Business Judgement for the 2019 Kincade Fire and 2021 Dixie Fire.

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

Covered Wildfire – Dixie Wildfire

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

Financial Overview – Dixie Fire

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

PG&E continues to settle outstanding claims and as previously reported to the Council, reached the threshold claim amount, which is $1 billion, in the aggregate for a coverage year, in mid-June 2024. PG&E estimates aggregate liabilities of $2.250 billion, which equates to an exposure to the Fund of $1.250 billion. As of October 1, 2026, PG&E committed settlements total $2,224,092,540. 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 June 2026, Sedgwick has determined that claims that are reimbursed meet the criteria for Reasonable Business Judgment 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 Q3 2026.

Month PG&E Paid Claim	#Claims Submitted	#Claims Reviewed by SMEs	#Claims Needing Additional Support/Review	#Claims Reimbursed	Total $ Reimbursed
April 2026	75	8	0	75	$29,829,000
May 2026	72	6	1	72	$5,643,000
June 2026	64	6	2	64	$4,046,000
Total	211	20	3	211	$39,518,000

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

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

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

Eligible Claim Paid Month	Reimbursement to PG&E
June 2024	$39,258,154
July 2024	$33,657,156
August 2024	$78,851,058
September 2024	$16,877,339
October 2024	$88,474,800
November 2024	$48,807,990
December 2024	$43,942,610
January 2025	$30,244,000
February 2025	$24,256,642
March 2025	$40,456,399
April 2025	$24,840,226
May 2025	$77,741,000
June 2025	$61,640,000
July 2025	$48,364,963
August 2025	$29,174,670
September 2025	$164,195,228*
October 2025	$9,438,889
November 2025	$17,755,500
December 2025	$13,607,000
January 2026	$22,050,000
February 2026	$18,643,332
March 2026	$73,972,019
April 2026	$29,829,000
May 2026	$5,643,000
June 2026	$5,046,000
Total	$1,046,801,975

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

Issues

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

Strategic Considerations

There are no strategic considerations for this review.

Covered Wildfire – Kincade Wildfire

The Kincade Fire ignited on October 23, 2019 in Sonoma County, California, in an area known as The Geysers. Weather conditions caused this fire to spread rapidly causing widespread damage.[1] The Kincade fire burned over 77,000 acres and destroyed 374 structures.[3] Cal Fire conducted an investigation and issued a report concluding that the ignition resulted from a broken jumper conductor associated with PG&E equipment. PG&E did not dispute those findings.

Financial Overview

PG&E continues to settle outstanding claims and as previously reported to the Council, reached the threshold claim amount, which is $1 billion or more, in the aggregate for a coverage year, in February 2025. PG&E estimates aggregate liabilities of $1.325 billion. Given that PG&E had not yet emerged from bankruptcy at the time of the Kincade fire, the Fund will reimburse 40 percent of the allowed amount, which equates to an exposure to the Fund of $130 million. As of October 1, 2026, PG&E committed settlements total $1,323,402,993. Final settlements for the Kincade Fire should occur in 2026.

Based on the threshold claim review, and a review of eligible claims paid in February 2025 through June 2026, Sedgwick has determined that most claims that are reimbursed had met the criteria for Reasonable Business Judgment 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. As of September 28, 2026, all of the above-mentioned items have been documented and resolved.

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

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

Month PG&E Paid Claim	#Claims Submitted	#Claims Reviewed by SMEs	#Claims Needing Additional Support	#Claims Reimbursed	Total $ Reimbursed
April 2026	6	N/A	N/A	6	$105,834
May 2026	5	N/A	N/A	5	$54,390
June 2026	3	1	0	3	$1,408,800
Total	14	1	0	14	$1,569,024

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

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

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

Eligible Claim Paid Month	Approved Paid Amounts
February 2025	$34,251,281
March 2025	$26,019,070
April 2025	$10,307,177
May 2025	$53,574,345
June 2025	$37,775,400
July 2025	$0
August 2025	$89,464,919
September 2025	$25,949,050
October 2025	$10,094,975
November 2025	$53,468
December 2025	$334,717

January 2026	$183,000
February 2026	$30,672,831
March 2026	$276,051
April 2026	$264,586
May 2026	$135,975
June 2026	$3,522,000
Total	$322,878,844
Reimbursement (Total * 40%)	$129,151,538

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.

Certification

This memorandum certifies that all paid reimbursements processed during this period are considered to have met the Reasonable Business Judgment 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 Judgment:

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

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

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

Larger Claims – with respect to the Dixie Fire, several timber companies presented claims against PG&E, to include a claim against PG&E for $225 million for destroyed timber, mill damage, and forest losses.[4] With respect to the Kincade Fire, large wineries were damaged or destroyed and submitted claims to PG&E.

Damage Types

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 Judgment:

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

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

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

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

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

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

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

November 5, 2026

Item Name: Council Discussion on 2027 Agenda Items

Recommended Action: Discussion Item

Council member discussion regarding potential 2027 agenda items and desired informational presentations within or related to the Council areas of responsibilities.