

**California Catastrophe Response Council  
Meeting Minutes**

**Teleconference Meeting**  
**Thursday, October 28, 2021**  
**2:00 p.m.**

**Members of Council in Attendance:**

Mark Ghilarducci, Chair, designee of Governor Gavin Newsom  
Richard Gordon, Vice-Chair, appointee of the Speaker of the Assembly  
Michael Martinez, designee of Insurance Commissioner Ricardo Lara  
Kasey O'Connor, designee of State Treasurer Fiona Ma  
Bryan Cash, designee of Secretary of Natural Resources Wade Crowfoot  
Michael Wara, appointee of the Senate Committee on Rules  
Rhoda Rossman, Public Member  
Catherine Barna, Public Member  
Paul Rosenstiel, Public Member

**Members of CEA Staff in Attendance:**

Glenn Pomeroy, Chief Executive Officer  
Shawna Ackerman, Chief Risk & Actuarial Officer  
Dr. Laurie Johnson, CEA's Chief Catastrophe Response & Resiliency Officer  
Tom Hanzel, Chief Financial Officer  
Suman Tatapudy, Senior Counsel  
Tom Welsh, General Counsel  
Susan Johnson, Governance Liaison

**1. Quorum: Call to Order and Member Roll Call**

Chairman Ghilarducci called the meeting to order at 2:00 p.m.

Ms. Johnson called the roll and stated that a quorum was present with all members in attendance.

**2. MINUTES: Review and approve minutes of the July 22, 2021 meeting of the Council.**

**MOTION:** Mr. Wara motioned to approve the July 22, 2021 meeting minutes as written. Vice-Chair Gordon seconded. The Motion carried unanimously by roll call vote.

**3. EXECUTIVE REPORT: CEA CEO Glenn Pomeroy will provide the Council with an executive report.**

Mr. Pomeroy provided a brief report on the status of the administration of the Wildfire Fund. He noted that as the Wildfire Fund enters its third year in existence, all key aspects of the administration of the Fund are in place and stable. He noted particularly investment management, the monitoring of wildfires that could give rise to claims against the Fund, the development of claims administration procedures, the ongoing analysis of the Fund's projected durability, and the monitoring of legislative developments that could impact the Fund.

In the near term, Mr. Pomeroy told Council members that the CEA team will continue to deepen its knowledge of wildfire mitigation and safety enhancements by the participating investor-owned utility companies (IOUs).

**Questions and Discussion**

Council member Rossman asked Mr. Pomeroy whether the CEA anticipates if any of the recent major wildfires will result in claims against the Wildfire Fund. Mr. Pomeroy replied that it is too early to tell because the government has not yet finally determined the cause of this season's fires, but he noted that the CEA is ready to administer claims as they are submitted by the IOUs.

**4. Proposed 2022 Council Meeting Dates: Mr. Pomeroy will seek approval of the proposed 2022 Council meeting dates.**

**MOTION:** Ms. Barna motioned to accept the proposed 2022 Council meeting dates as noted in the meeting materials. Ms. Rossman seconded. The Motion carried unanimously on a roll call vote.

**5. Financial Report: CEA Chief Financial Officer Tom Hanzel will provide the Council with a financial report on the Wildfire Fund as of August 31, 2021.**

Mr. Hanzel compared the Wildfire Fund balance sheets as of August 31, 2021 with those of August 31, 2020 and reported total assets are up just shy of 1%. He stated that investment income during the first 8 months of fiscal year 2021 stands at \$64 million compared to \$48 million for the first 8 months of fiscal year 2020. The fund has received approximately \$10.8 billion in funds:

- \$2.0 billion loan from the treasurer's Surplus Money Investment Fund (SMIF)
- \$8.1 billion in IOU contributions
- \$692 million in Wildfire Non-Bypassable Charges.

Investment income and additions to fund assets were offset by administrative expenses, changes in unrealized losses in the investment portfolio and repayment of \$586 million (principal & interest) of the SMIF loan. This resulted in the fund's assets being basically

flat year-over-year. As of August 31, 2021, the Wildfire Fund's portfolio stands at approximately \$10.0 billion.

Mr. Hanzel also updated the Council on an RFP for an integrated investment accounting and compliance solution to manage the CEA and Wildfire Fund portfolios, which have a combined asset value in excess of \$17 billion. Currently, there are two software packages in use- one for investment accounting and the other for investment compliance and analytics. Staff is looking for an appropriate integrated software package.

Mr. Hanzel said he hopes to have a selection recommendation for the CEA Governing Board at its December 2021 meeting, noting that CEA is seeking a system solution that provides access to high-quality technology, seamless delivery of services, and strong client service and support.

### **Questions and Discussion**

Mr. Rosenstiel asked if at future Council meetings Mr. Hanzel could provide in his report to the Council how much the Wildfire Fund pays in investment expenses. Mr. Hanzel replied that he would be happy to supply those numbers, adding the average fee paid is just shy of four basis points.

### **6. Claims Administration: Dr. Laurie Johnson, CEA Chief Catastrophe Response & Resiliency Officer, will provide an update on the implementation of the Claims Administration Procedures for the Wildfire Fund.**

Dr. Johnson reported that a Claims Review Services provider has been selected. Four proposals were received in response to the RFP. The seven-member review panel evaluated three finalists on submission requirements and references, work plan, pricing, and diverse staffing/diversity designations and certifications. The targeted effective date for contracting with the selected firm is January 3, 2022. Under the proposed agreement, the provider will assist the Wildfire Fund Administrator in implementing the Council's previously approved Claims Administration Procedures.

Dr. Johnson noted that the Council's prior approval of the Claims Administration Procedures included authorization for the CEA to make periodic non-discretionary changes required to ensure that the Claims Administration Procedures conform to statutory changes by the Legislature. She noted Assembly Bill 242 (Holden), signed into law by the Governor in September 2021, made a variety of clean-up amendments to AB 1054, and also amended Public Utilities Code section 1701.8, changing the definition of "covered wildfire" from being determined solely by a governmental agency to include judicial causation determination, adding that the Claims Administration Procedures have been amended to conform to that statutory change. She offered to put these conforming amendments to the Claims Administration Procedures on the agenda for the next Council meeting upon the request of any Council member. No such requests were made at the meeting, so the conforming amendments will be treated as final.

Dr. Johnson then provided updates on wildfire monitoring and notification protocols, templates and tools for monitoring active wildfires and reporting of wildfire liability losses by the Participating Utilities. She explained the mapping tools showing active fire incidents, showed wildfire safety updates available to the public from two of the utilities via Electric Incident Reports on their websites, and gave information on active wildfires using remote sensing data for thermal detection of potentially active wildfires, and seven-day forecasting of fire potential.

In addition, CEA is working with the California Governor's Office of Emergency Services (Cal OES) and the California Department of Forestry and Fire Protection (CAL FIRE) in many of these areas. CalFire is doing detailed damage assessments in real-time which is particularly useful for people who have been evacuated so that they can get information remotely. CEA has been working with CAL FIRE to download this data into its system.

For the quarterly claims report, there were no formal notifications from any Participating Utility that they would be making submissions to the Fund. The Administrator is monitoring the following wildfires for their potential to generate claims against the Fund:

- Kincade Fire, 2019: PG&E estimates over \$800 million in losses
- Zogg Fire, 2020: PG&E estimates \$375 million in losses
- Dixie Fire, 2021: No estimate of losses yet.

## **Questions and Discussion**

Chairman Ghilarducci applauded Dr. Johnson and her team for integrating the information and technology in real time.

Mr. Wara asked about the accounting standard for PG&E's quarterly estimates. Should the number be taken as the minimum cost of the fire as PG&E currently knows it? Dr. Johnson stated that the CEA relies on PG&E's public reporting of estimated fire losses.

### **7. PUC Section 3287 Statutory Report: CEA Senior Counsel Suman Tatapudy will provide a draft and an update on the logistics for submitting the Council's Annual Statutory Report with the Legislature and the Department of Finance under Public Utilities Code Section 3287.**

Ms. Tatapudy stated that AB 1054 established two annual legislative reporting requirements regarding the Wildfire Fund:

- The annual *Plan of Operations*, which has a reporting period of July through July each year. The *Plan of Operations* reports on Wildfire Fund assets, projections

for the durability of the Fund, the success of the Fund, and whether or not the Fund is serving its purpose.

- The *Statutory Report*, which has a reporting period of January through January each year. The *Statutory Report* covers the formation, administration, and disposition of the Wildfire Fund.

Ms. Tatapudy recommended approval of a Section 3287 Statutory Report template, a copy of which was included in the Council's meeting materials, as well as a set of procedures to facilitate the submission of these reports on an annual basis.

### **Questions and Discussion**

Ms. Rossman asked Ms. Tatapudy if she is aware of who in the Legislature reads the report and whether the CEA staff has received any feedback on prior reports. Ms. Tatapudy replied that the Plan of Operations had been submitted to the two policy committees in the Legislature, the Assembly and Senate energy and utilities committees, and noted that staff has not received any questions or feedback from recipients of prior reports.

**MOTION:** Ms. O'Connor motioned to adopt the staff-recommended approval of this template from the Section 3287 Statutory Report and the proposed procedures for annually completing and filing those reports. Mr. Martinez seconded. The Motion carried unanimously by roll call vote.

### **8. ERM Framework: CEA Chief Risk & Actuarial Officer Shawna Ackerman will provide an update on the development of the Enterprise Risk Management program for the California Wildfire Fund.**

Ms. Ackerman reported that her team is continuing its work on integrating any enterprise risks arising from administration of the Wildfire Fund into the CEA's Enterprise Risk Management (ERM) program.

She stated that 12 priority risk categories have been identified for the Wildfire Fund with 9 of 12 risk categories being identified as low risk. The 3 risk categories being identified as medium risk are Business Continuity, Claims, and Wildfire Modeling. There were no questions or comments from members of the Council.

### **9. Public Comment: Public comment opportunity on matters that do not appear on this agenda and requests by the public that those matters be placed on a future agenda.**

There was no public comment.

### **10. Adjournment.**

There being no further business, Chair Ghilarducci adjourned the meeting at 2:58 p.m.

