

**California Catastrophe Response Council**  
***Report to the Legislature and Department of Finance***  
***on the***  
**Formation, Administration, and Disposition of the Wildfire Fund**  
**(“Statutory Report”)**  
**January 1, 2025**

Governor Gavin Newsom, Chair  
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## Background

On July 12, 2019, Governor Gavin Newsom signed Assembly Bill (“AB”) 1054 and AB 111 (collectively, the “2019 Wildfire Legislation”).<sup>1</sup> The 2019 Wildfire Legislation enacts a broad set of reforms and programs related to utility-caused wildfires in California, including establishing the Wildfire Fund (“Fund”).

Pursuant to California Public Utilities Code section 3287, this Statutory Report on the formation, administration, and disposition of the Wildfire Fund has been prepared by the California Catastrophe Response Council (“Council”), with the assistance of the California Earthquake Authority in its capacity as the Wildfire Fund Administrator (“Administrator”) and is hereby filed with the Legislature and the Department of Finance. The information in this Statutory Report is similar, but not identical to, the information contained in the 2024 Annual Report on the California Wildfire Fund’s Operations (available electronically at [www.cawildfirefund.com/annual-legislative-report](http://www.cawildfirefund.com/annual-legislative-report)). The 2024 Annual Report covers the period of July 12, 2023, through July 11, 2024, and is incorporated into this Statutory Report.

## Fund Assets

The 2019 Wildfire Legislation created a capitalization structure that establishes multiple revenue streams flowing into the Fund to provide approximately \$21 billion in claim-paying capacity to cover eligible claims arising from covered wildfires. The approximately \$21 billion in claim-paying capacity is generated from two revenue streams: surcharges on non-exempt ratepayers of the Fund’s participating utility companies (collectively referred to as the “IOUs”), which are also referred to as Wildfire Nonbypassable Charges (“NBCs”), and contributions from the equity base of the IOUs.<sup>2</sup> The 2019 Wildfire Legislation also required that the Fund be initially capitalized in the form of a short-term \$2 billion loan from the SMIF, a fund within the State’s Pooled Money Investment Account.

As the Administrator, the CEA is custodian of the Fund’s cash and investments. This requires the CEA to report those held assets as a segregated custodial fund in CEA’s financial statements. Detailed information relevant to the Fund can be found in CEA’s 2023 audited financial statements, available at this website: [EarthquakeAuthority.com/About-CEA/Financials/Financial-Statements](http://EarthquakeAuthority.com/About-CEA/Financials/Financial-Statements). On the following page is an excerpt of that financial information, which covers calendar year 2023, along with supplemental unaudited information related to the Fund’s contributions received through December 12, 2024.

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<sup>1</sup>Since its enactment, the 2019 Wildfire Legislation has been subsequently amended through legislation. Amendments impacting the Wildfire Fund and/or the California Catastrophe Response Council were contained in AB 1513 (Holden, Chapter 396, Statutes of 2019), in SB 350 (Hill, Chapter 27, Statutes of 2020), in AB 913 (Calderon, Chapter 253, Statutes of 2020), and in AB 242 (Holden, Chapter 228, Statutes of 2021).

<sup>2</sup>The Fund’s participating utility companies are San Diego Gas & Electric Company (“SDG&E”), Southern California Edison (“SCE”), and Pacific Gas & Electric Company (“PG&E”).

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

		<b>December 31, 2023 and 2022</b>	
		Custodial Fund	
		2023	2022
<b>Assets</b>			
Cash and investments:			
Cash and cash equivalents	\$	357,485,746	\$ 632,630,881
Investments		11,055,244,876	9,478,138,463
Securities receivable		26,875,400	26,972,364
Total assets		11,439,606,022	10,137,741,708
<b>Liabilities - Securities payable</b>			
		-	96,965,250
<b>Net Position - Restricted</b>		<b>\$ 11,439,606,022</b>	<b>\$ 10,040,776,458</b>

As the table on the following page shows, as of December 12, 2024, the Fund has received \$14,743,076,805 in capitalization. Should the Fund need additional capitalization to meet needs arising from eligible claims resulting from covered wildfires, the Fund can issue debt backed by the NBCs.

**California Wildfire Fund  
Contributions & NBCs Received  
As of December 12, 2024**

Description	Date Received	Amount
1. SMIF Loan Proceeds	8/15/2019	\$ 2,000,000,000
2. SDG&E initial capital contribution	9/9/2019	322,500,000
3. SoCal Edison initial capital contribution	9/9/2019	2,362,500,000
4. SDG&E 2019 annual contribution	12/19/2019	12,900,000
5. SoCal Edison 2019 annual contribution	12/27/2019	94,500,000
6. PG&E initial capital contribution	7/1/2020	4,815,000,000
7. PG&E 2019 annual contribution	7/1/2020	192,600,000
8. IOUs 2020 annual contributions	December-20	300,000,000
9. IOUs 2021 annual contributions	December-21	300,000,000
10. IOUs 2022 annual contributions	December-22	300,000,000
11. IOUs 2023 annual contributions	December-23	300,000,000
12. SDG&E 2024 annual contribution	12/9/2024	<u>12,900,000</u>
<b>Total SMIF Loan Proceeds &amp; IOU Contributions</b>		11,012,900,000
1. 2021 NBC funds received	12-months of 2021	875,076,565
2. 2022 NBC funds received	12-months of 2022	1,116,593,213
3. 2023 NBC funds received	12-months of 2023	888,460,572
4. 2024 NBC funds received	01/01/2024 - 12/12/2024	<u>850,046,455</u>
<b>Total NBCs</b>		3,730,176,805
<b>Total Funds Received</b>		<u>\$ 14,743,076,805</u>

**Note 1:**

NBC funds received by the CWF are net of DWR administrative and operating expenses.

**Note 2:**

The \$2.0 billion SMIF Loan was paid off in April'23. The CWF paid interest of \$118,455,185.

**NBCs and Repayment of the \$2 billion SMIF Loan**

The Fund was initially capitalized with a short-term loan in the amount of \$2 billion from the SMIF, which accrued interest at the rate of 2.35%. The Department of Water Resources (“DWR”) was authorized under the 2019 Wildfire Legislation to collect and administer NBCs starting in October 2020.

DWR is required to allocate and distribute the NBCs for specified priority purposes, including paying its own administrative and overhead expenses and facilitating the prompt repaying of the SMIF loan. Amounts of NBCs not allocated to a priority purpose are to be transferred to the Fund where the funds may be used to pay eligible claims following a covered wildfire. In addition to administering the collection of the NBCs through the IOUs, DWR is also empowered to issue revenue bonds and to pledge the NBC revenues to the repayment of those bonds.

CEA in its role as the Administrator, DWR, the State Treasurer's Office, and the Department of Finance collectively determined to allocate the collected NBCs to the repayment of the SMIF loan pursuant to an amortization schedule negotiated among the parties. The amortization schedule provided for the Administrator to pay monthly principal payments of \$70 million, and quarterly interest payments. Principal payments began on December 29, 2020, and the SMIF Loan was fully paid off on April 25, 2023. Since the \$2 billion SMIF Loan has been fully repaid, NBCs now flow directly into the Fund to provide claim-paying capacity.

### **Claims Summary**

The Fund will reimburse IOUs for "eligible claims," as defined by the 2019 Wildfire Legislation. Eligible claims are those claims that are a result of a "covered wildfire," as that term is defined in the 2019 Wildfire Legislation, and are in excess of the IOUs annual threshold retention, which is currently set at \$1 billion.

2021 Dixie Fire: Since it has been determined that PG&E's equipment caused the 2021 Dixie Fire, this fire is a "covered wildfire" and loss claims in excess of PG&E's \$1 billion annual retention may be submitted to the Fund for review and reimbursement. While PG&E continues to settle outstanding claims, as of December 12, 2024, it has submitted claims documentation to meet the \$1 billion annual retention amount ("Threshold Claims"). Sedgwick has reviewed the Threshold Claims, in accordance with the *Procedures* and has determined that those claims were settled using reasonable business judgment, a standard set by the 2019 Wildfire Legislation. Sedgwick is currently reviewing claims documentation for claims in amounts in excess of the \$1 billion threshold amount ("Eligible Claims"), and as the Administrator determines that Eligible Claims have been settled using reasonable business judgment, it has been reimbursing, and will continue to reimburse PG&E for those Eligible Claims. As of December 12, 2024, the Administrator has reimbursed PG&E for Eligible Claims in the amount of \$151,801,368.