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Notice Publication Date: February 3, 2025

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 taking action. All items on the Agenda are appropriate for action if the Council wishes to take action. Agenda items may be taken out of order.

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

DATE: February 13, 2025
TIME: 2:00 p.m.
LOCATION: 400 Capitol Mall, Suite 670, Sacramento, CA 95814

TELECONFERENCE ACCESS:

By Computer (Open the Zoom* App, or navigate to www.zoom.com):
Enter Meeting ID: 849 4703 8424
Direct Link: <https://us02web.zoom.us/j/84947038424>

By Phone: 1 (669) 900-6833
Enter Meeting ID: 849 4703 8424

* 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. The telephone lines and Zoom links of members of the public will be muted to prevent background noise from inadvertently disrupting the meeting. Phone lines and Zoom links will be unmuted upon request to allow for public comment when appropriate.

The member of the Council acting as Chair of the meeting will indicate when a portion of the meeting is to be open for public comment. Members of the public attending via Zoom or phone must either press *9 on their phone or use the “Raise Hand” button on Zoom. This action will notify the meeting moderator that you wish to comment, and you will be placed in line to comment in the order in which requests are received. When it is your turn to comment, the moderator will unmute you and announce your opportunity to comment. The Chair of the meeting reserves the right to limit the time for comment. **Members of the public should be prepared to complete their comments within approximately 2 to 3 minutes.** More or less time may be allotted by the Chair in his or her sole discretion. Please take notice that this meeting may be recorded, and that making public comments at the meeting will indicate your consent to the recording and to all future use and distribution of the recording.

ACCESSIBILITY FOR DISABLED PERSONS: The CEA complies with the Americans with Disabilities Act (ADA) by ensuring that the meeting facilities are accessible to persons with disabilities, and providing this notice and information given to the members of the California Catastrophe Response Council in appropriate alternative formats when requested. If you need further assistance, including disability-related modifications or accommodations, you may contact CEA’s ADA Coordinator no later than five calendar days before the meeting at (916) 661-5400, or by email to EEO@calquake.com. TTY/TDD and Speech-to-Speech users may dial 7-1-1 for the California Relay Service to submit comments on an agenda item or to request special accommodations for persons with disabilities.

MEETING MATERIALS: A copy of this Notice and Agenda has been posted on the Wildfire Fund website <https://www.cawildfirefund.com/council>. Prior to the meeting, the written materials that will be provided to members of the Council will also be posted on this website. Finally, on the day of the meeting, a copy of any presentation deck that the Council or the Administrator may use during the meeting will also be posted to this site.

For further information about this notice or its contents:

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

AGENDA

1. Quorum: Call to order and member roll call:

- Governor
- Treasurer
- Insurance Commissioner
- Secretary for Natural Resources
- Tracy Van Houten, Appointee of the Speaker of the Assembly
- Kathleen Ritzman, Appointee of the Senate Rules Committee
- Paul Rosenstiel, Public Member appointed by the Governor
- Rhoda Rossman, Public Member appointed by the Governor
- Catherine Barna, Public Member appointed by the Governor

Establishment of a quorum

2. Minutes: Review and approve the minutes of the November 14, 2024, meeting of the Council.

3. Executive Report: Tom Welsh, Chief Executive Officer, and CEA Executive Staff will provide a report on the following topics:

A. January 2025 Southern California Wildfires – Recap of the wildfires and discussion of the CEA’s wildfire monitoring and reporting protocols.

B. General discussion of Wildfire Fund Administration:

1. The purpose and function of the Wildfire Fund, and the roles of the Administrator and CCRC; and
2. Wildfire Fund Liquidity Management and Claim-Paying Capacity.

C. Forward-Looking Administration Activities.

4. Claims Administration Update: George Sittner, Chief Insurance & Claims Officer will update the Council on the status of administering PG&E’s claim arising from the 2021 Dixie Fire, and wildfire monitoring for prior wildfire seasons.

5. Enterprise Risk Management (ERM): Shawna Ackerman, Chief Risk & Actuarial Officer, will report on CEA’s ERM program.

6. Financial Report: Tom Hanzel, Chief Financial Officer, will provide the Council with a financial report on the Wildfire Fund as of December 31, 2024.

7. Proposed 2025 CWF Budget: Mr. Hanzel will seek approval of the proposed 2025 California Wildfire Fund Budget.

8. Administrator Evaluation: Mr. Welsh will ask the Council to appoint one CCRC member to review the 2024 Wildfire Fund evaluation form to be distributed to members.

9. 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.

10. Adjournment.



California Catastrophe Response Council Memorandum

February 13, 2025

Agenda Item 2: Meeting Minutes

Recommended Action: Approve Minutes of November 14, 2024 Meeting

Attached are draft minutes of the California Catastrophe Response Council (Council) meeting held on November 14, 2024. CEA staff has reviewed these minutes and believe that they accurately summarize and document the matters discussed and actions taken by the Council at this meeting.

CEA staff recommends approval and adoption of the draft minutes as the official record of the Council's November 14, 2024 meeting.

**DRAFT
CALIFORNIA CATASTROPHE RESPONSE COUNCIL MEETING
MINUTES**

**November 14, 2024
2:00 p.m.**

Location: 400 Capitol Mall, Suite 670
Sacramento, CA 95814

Members of Council in attendance:

Mark Ghilarducci, Chair, designee of Governor Gavin Newsom
Khaim Morton, designee of State Treasurer Fiona Ma*
Lisbeth Landsman-Smith, designee of Insurance Commissioner Ricardo Lara
Bryan Cash, designee of Secretary of Natural Resources Wade Crowfoot
Tracy Van Houten, appointee of the Speaker of the Assembly*
Kathleen Ritzman, appointee of the Senate Committee on Rules
Paul Rosenstiel, Vice Chair, Public Member
Rhoda Rossman, Public Member
Catherine Barna, Public Member*

*Participated remotely.

Members of the CEA staff in attendance:

Tom Welsh, Chief Executive Officer
Shawna Ackerman, Chief Risk and Actuarial Officer
Tom Hanzel, Chief Financial Officer
George Sittner, Chief Insurance and Claims Officer
Suman Tatapudy, General Counsel
Susan Johnson, Governance Liaison

1. Quorum: Call to order and member roll call.

Chair Mark Ghilarducci called the meeting of the California Catastrophe Response Council (CCRC or Council) to order at 2:01 p.m.

Ms. Johnson called the roll and announced that a quorum was present.

2. Minutes: Review and approve the minutes of the August 12, 2024, meeting of the Council.

MOTION: Ms. Van Houten moved to approve the August 12, 2024, minutes of the California Catastrophe Response Council. Ms. Barna seconded. There was no public comment on the motion. The motion passed unanimously by roll call vote.

3. Meeting Dates: CEA Chief Executive Officer Tom Welsh will present for discussion proposed 2025 Council meeting dates.

Chief Executive Officer Tom Welsh reviewed the 2025 CCRC Meeting Schedule, which was included in the meeting materials.

Discussion

Council Members agreed to change the July 17th meeting date to July 24th. The 2025 meeting schedule will be February 13, 2025, July 24, 2025, and October 30, 2025.

4. Executive Report: CEA Executive Staff will report on the following activities related to CEA's administration of the Wildfire Fund.

Mr. Welsh stated the California Earthquake Authority's (CEA or Administrator) operations and its ability to continue functioning as the California Wildfire Fund (Wildfire Fund) Administrator remain strong and resilient. The CEA maintains a high degree of focus on efficiency and execution of its role as Administrator of the Wildfire Fund in strict compliance with the statutes that govern the Fund. The CEA approaches the work that the Council delegates to perform administrator functions with that same fiduciary rigor that it brings to its earthquake insurance business to ensure efficiency in its operations.

Mr. Welsh noted that the Wildfire Fund is finite. The capitalization of the Fund will end at some point when the last non-bypassable charges (NBCs) are collected in January 2036. Claims are expected to come in over that period of time. One of the activities the CEA has been engaged in as Administrator of the Fund is planning and preparation for the "end of life" phase of the Wildfire Fund when claims deplete the Fund. The CEA will be equitable and transparent during that process. The CEA anticipates and plans for different scenarios that can give rise to that "end of life" moment, such as one large wildfire that produces claims that outstrip the total claim-paying capacity, or a series of different fires by one or more utility companies. The CEA is working with an insolvency law firm to help with advance planning for that.

Mr. Welsh stated a plan is anticipated to be brought before the Council at the July meeting for discussion. The "end of life" derives from the receipt and administration of claims.

Discussion

Ms. Rossman asked if it is possible to plan for no fires, where the Fund stays large and then the collection of the non-bypassable charges ends.

Mr. Welsh stated, as a foundational matter, that the Administrator administers the fund in strict accordance with the statute that created it. He agreed with anticipating the possibility that the Legislature might look at the scenario Ms. Rossman described with no large events in 15 to 20 years, but it is not an issue that the CEA, as the Administrator, would push a policy agenda on because that is not its role.

Ms. Rossman agreed that that is a good point.

Mr. Welsh stated the Council can talk about it and the CEA will keep the Council apprised of the status of the Fund at Council meetings three times per year.

Ms. Rossman stated her understanding that, if the Fund grows and is not depleted, the Legislature and not the Council will determine the next course of action so there is no point in planning for it.

Mr. Welsh stated, when looking at the models and historic fires, a single fire in a heavily populated area with a lot of property could produce losses that could outstrip the total claim-paying capacity. While the CEA can be optimistic that there will only be incremental draws on the Fund that allow trying to achieve the legislative objective of having the Fund remain to lower the insurance costs of the utilities so that those expenses are not then passed onto ratepayers, it must always be prepared for the possibility that one or two cataclysmic events can quickly turn the tide.

Vice Chair Rosenstiel stated the Council has a responsibility to do what it can to manage the Wildfire Fund for the purposes for which it was established, which is as an insurance fund for the utilities. It is not in the Council's purview to decide that the funding should be used for something else because the law mandates what the funding should be used for and established the Council to carry that out. One of the things the Council can do in carrying that out is to hire an Administrator. The Council does not necessarily look to the Administrator for policy but the Council sets policy.

Mr. Welsh agreed and stated one of the actions the Council took in late 2019 or early 2020 was to establish written Articles of Governance that clearly reserve policy direction activities for the Council, leaving to the CEA as Administrator the day-to-day administration consistent with the statute.

A. Claims Administration – George Sittner, Chief Insurance and Claims Officer, will update the Council on the status of administering PG&E's claim arising from the Dixie Fire.

Chief Insurance and Claims Officer George Sittner presented his report.

Wildfire Monitoring and Reporting 2020-24:

Quarterly Claims Report

- Part of the CEA's responsibility as Administrator is to monitor wildfires that might expose the Wildfire Fund.
 - There were no fires in 2023 or 2024 that expose the Wildfire Fund. Notice was received from Southern California Edison (SCE) that they were served a lawsuit with regards to the Mountain Fire in Ventura County. SCE found nothing wrong with their equipment and does not feel they have any responsibility for the fire. There was no interruption in the circuits near the source of the fire. SCE is obligated to investigate and report to the California Public Utilities Commission (CPUC). The damage that resulted from this fire is minor and would not meet the \$1B threshold for 2024.
 - SCE had another small event in the calendar year with no property damage and a minor firefighter injury. This should not expose the Wildfire Fund.
- CEA continues to monitor loss estimates for four key wildfires: the 2019 Kincadee Fire, the 2020 Zogg Fire, the 2021 Dixie Fire, and the 2022 Mosquito Fire.

- Nothing has changed in the estimates in the last year in terms of exposure to the Wildfire Fund since the last Council meeting except the Dixie Fire. Pacific Gas and Electric Company (PG&E) announced in their third quarter financial statement that they have raised the reserve for the Dixie Fire from \$1.6 billion to \$1.875 billion. The reserve was increased due to PG&E's experience in claims settled to date plus a group of timber-related and California Department of Forestry and Fire Protection (CAL FIRE) suppression claims.

Implementation of Wildfire Fund Claims Administration Procedures (Dixie Fire):

Claims Review Services Scope of Work and Timeline

- PG&E provided CEA with written notice that claims will be settled in excess of \$750 million. This notice is a requirement of the *Wildfire Fund Claims Administration Procedures*, and is intended to give the Administrator, and its claims review services provider advance notice that an IOU is likely to reach the \$1 billion threshold to make a claim on the Fund.
- Sedgwick Claims Management Services, Inc. (Sedgwick), the Administrator's claims review services provider for the Wildfire Fund, has officially entered Phase 2 of the claim administration process, effective October 11, 2023.
- PG&E is sending redacted claims settlement data and documentation, on a claim-by-claim basis as required, using the provisional claims data template supplied by the Administrator, to include individual claims, public entity claims, timber claims, DW4CR claims, and subrogation claims data.
- Sedgwick has requested, and PG&E is providing, detailed claims documentation for a random sample of claims, outliers, and larger claims for review.
- PG&E reached the \$1 billion paid claims threshold amount in June of 2024.
- Sedgwick notified the Administrator that, upon completion of the threshold claim review, a conclusion was reached that claims paid to reach the threshold amount of \$1 billion were settled using "reasonable business judgement," as defined in the *Claims Administration Procedures*.
- Sedgwick has also reviewed eligible claims paid in June of 2024, and has found those claims met the "reasonable business judgement" standard, and Administrator has reimbursed PG&E for eligible claims paid in June 2024 for \$39 million, and for eligible claims paid in July 2024 for \$34 million.
- PG&E, per its Third Quarter 2024 SEC 10-Q quarterly report filing, has reported an estimated \$1.875 billion in aggregate liability related to the Dixie Fire. This estimate does not include state and federal fire suppression costs.

Timeline of Wildfire Fund Claims Administration Procedures (Dixie Fire):

Steps completed

- The Dixie Fire occurred on July 13, 2021.
- The investor-owned utility (IOU) reported possible involvement to the CPUC on July 18, 2021.

- Government Entity Determination on January 4, 2022.
- Covered Wildfire Claimant (PG&E).
- Claims are filed against the IOU.
- Claims are settled by the IOU.
 - Insurance companies settle claims with policyholders, then the IOU negotiates and reimburses insurance companies.
 - IOUs are currently settling claims with timber companies, individuals, etc.

Next steps in the process

- The IOU is now ready to seek reimbursement of the claims filed against the Wildfire Fund.
 - The IOU submits threshold claims.
 - The Administrator (through Sedgwick) is in the process of reviewing threshold claims for “reasonable business judgment.”
- The IOU submits eligible claims for reimbursement.
 - The Administrator (through Sedgwick) is in the process of reviewing the eligible claims for “reasonable business judgment.” This process will likely take a year or more to conclude.

Future step

- The IOU will file an application with the CPUC to commence a catastrophic wildfire proceeding to determine if the utility acted prudently.

Discussion

Chair Ghilarducci stated, if a fire becomes a federal disaster and a responsible party is identified under the Claim Recovery Act, up to 75 percent of the claim can be reimbursed to the Federal Emergency Management Agency (FEMA). He asked if this is included in the Wildfire Fund claims administration procedures. It would change the total amount of the claim.

Mr. Sittner stated the CEA has asked PG&E about this. They have not received a claim from FEMA to date. These reserves do not include a FEMA reimbursement.

Mr. Welsh stated the legal standards and “reasonable business judgment” that apply to the claims is directly out of the statute. It is the statutory standard of review that is imposed upon the CEA and Sedgwick as the standard under which claims are reviewed.

B. Enterprise Risk Management (ERM) – Shawna Ackerman, Chief Risk and Actuarial Officer, will report on CEA’s ERM program.

Chief Risk and Actuarial Officer Shawna Ackerman presented her report.

Risk Identification and Prioritization:

Risk Assessment Scorecard

- The quarterly status for each priority risk was unchanged from the August 2024 report to the Council. As tracking indicates, a majority of the Wildfire Fund risk is mitigated with current controls that are in place.

ERM Program Update:

Enhancing Compliance and Ethics

- November 3rd through 9th is Corporate Compliance Week. To remind staff of the importance of compliance and ethics, the compliance team is having staff review various policies and training videos.

Reducing Risk – Insurance Renewals

- The CEA successfully renewed its insurance policies for the 2024-25 term. These policies are purchased to protect CEA business operations and reduce the financial impact to policyholder and Wildfire Fund capital should a loss event occur. Overall program premium decreased by 5.6 percent, with significant reductions in business owners' and workers' compensation premiums.

ERM Program Update:

Enhancing compliance and risk mitigation throughout the enterprise with SOC 2

- System and Organization (SOC) 2 is a security framework that specifies how organizations should protect stakeholder data from unauthorized access, security incidents, and other vulnerabilities.
 - It is a third-party audit of an organization's controls built on five trust service criteria: security, availability, processing integrity, confidentiality, and privacy.
- The CEA's information security team reviews SOC 2 reports from suppliers annually to assess and manage security risks associated with the partnership.
- Additionally, the CEA is pursuing its own SOC 2 certification so it can provide the same level of information and assurances for stakeholders that entrust the CEA with their sensitive data.
 - The SOC 2 certification is underway. The CEA completed the first phase on June 30, 2024, and is currently in the testing period (July 1 to December 31, 2024). Audit testing will take place in early 2025, and the CEA should have the report and certification prior to the end of the quarter.

There were no questions from Council Members and no public comment.

C. Financial Report – Tom Hanzel, Chief Financial Officer, will provide the Council with a financial report on the Wildfire Fund as of September 30, 2024.

Chief Financial Officer Tom Hanzel stated the Wildfire Fund continues to be strong and continues to operate as required by legislation. He reviewed financial highlights from the past quarter.

Balance Sheets:

- Total assets have reached over \$12.6 billion, up approximately \$2.2 billion year-over-year, driven in part by the changes in net position from \$10.5 billion to \$12.1 billion year-over-year. That \$1.58 billion increase includes \$300 million of IOU funds over the last year, approximately \$870 million of net NBCs, just over \$300 million of net investment income, plus a reversal in the unrealized loss position for an increase of approximately \$705 million of unrealized loss deteriorating over time due to the decrease of rates, offsetting those increases is \$600 million reserve for the Dixie Fire, and miscellaneous expenses of approximately \$3 million.
- Another \$275 million will be reserved in November for the Dixie Fire to match the receivable PG&E has on their balance sheet.

2024 Approved Budget versus 2024 Actual Activity:

- Additions to Fund Assets included ratepayer monthly NBCs of approximately \$640 million for the first nine months of the year, down approximately \$20 million from the budgeted amount. This Line Item is an estimate using figures received from the California Department of Water Resources (DWR).
 - Because of the under-collection, the DWR issued a 60-day notice to the CPUC on October 7th to increase the megawatt-hour charge so that in 2025 that under-collection will become an over-collection.
 - The DWR is continually working to achieve the \$902.4 million collected every year on average.
- Investment Income (Net of Expenses) is up approximately \$16 million over the budgeted amount. The CEA continues to work on reinvesting in higher-yielding assets and extending duration. Improved returns are currently being experienced based on the higher treasury yields.
 - This has increased from approximately \$142 million in the prior year.
- The Wildfire Paid Claims for the Dixie Fire were approximately \$39 million in September. Additional claim payments for the remainder of the year include: \$34 million in October, \$79 million in November and approximately \$17 million in December.
- Personnel Expenses and General and Administrative Expenses were approximately \$1.95 million for the first nine months of the year. This amount was \$1.6 million the prior year and \$3.2 million expected for this year.
 - The primary change was the Other Contracted and Consulting Services Line Item, which was under budget due to estimating the need for Sedgwick claim services for the Dixie Fire.

Wildfire Fund Administrator Expenses: Fiscal Year 2020-23 and Year-to-Date September 2024:

- This statement shows four key expenses: Internal Labor, Operating Expenses and Equipment, Financial Auditor, and Municipal Advisor.
 - Internal Labor is expected to remain at \$350,000 to \$400,000 a year.
 - Operating Expenses and Equipment includes other contracted and consulting expenses, bank fees, direct legal expenses, travel, and miscellaneous operating expenses. The vast majority of these expenses are for leveraging the experience of outside parties, such as Sedgwick, legal fees, and software for investments.
 - Municipal Advisor is being used as a third-party financial advisor to help think about financial aspects, projections, financial markets, investment managers, and risk-transfer possibilities.

Contributions and NBCs Received:

- The total NBCs received since the last Council meeting was \$234 million.

Investment Analysis:

- The Wildfire Fund’s total portfolio market value for September of 2024 was \$12.6 billion, an increase from \$10.4 billion as of September 30, 2023. The portfolio has an average duration of 3.70 years and average credit ratings of “AA.”
- The duration is almost flat year-over-year, but it went down to 3.37 years this summer, given changes in the yield curve. This is being built back up with a target to get over 4 years in the first half of 2025.
- The average credit rating continues to be “AA.”
- The sector composition between the treasury portfolio and corporates continues to stable.
- Due to volatility in the treasury markets and yields, the unrealized loss position was \$1.1 billion at the end of September of 2023, \$428 million at of the end of September of 2024, and is approximately \$715 million today. This volatility is driven by interest rate, not credit concerns. Time and the lowering of the yield curve will help unwind this as maturities are reinvested.

Discussion

Ms. Rossman referred to the 2024 Approved Budget versus 2024 Actual Activity statement and asked if the Other Contracted and Consulting Services Line Item for Sedgwick claims service will remain at the current annual budgeted amount.

Mr. Sittner stated it is expected that the annual amount will decrease. Now that claim-paying procedures have been put in place, it is just a matter of month-to-month review of smaller amounts of work.

Ms. Rossman asked how to project the profile of the claims.

Mr. Sittner stated it will vary month to month based on mediation, the quantity of claims, the amount allowed, and the availability of all parties.

Ms. Landsman-Smith stated the Department of Insurance commends Mr. Sittner and his team for the work they are doing to keep the third-party claim administration expenses down.

Vice Chair Rosenstiel asked about the expected amount to be budgeted for Sedgwick next year.

Mr. Hanzel stated the Other Contracted and Consulting Services Line Item for this year is expected to be over \$1 million.

Mr. Sittner agreed that the Line Item will be higher this year due to Sedgwick putting the necessary claim-paying procedures in place.

Vice Chair Rosenstiel asked about the amount anticipated for the full year expenses.

Mr. Hanzel stated the total operating expenses for 2024 are estimated at \$2.5 million. A detailed budget for 2025 will be presented at the February 2025 Council meeting.

Ms. Rossman referred to the Sector Composition bar chart on the last Investment Analysis slide and asked if the state prohibits more than one-third of corporates.

Mr. Hanzel stated Government Code Section 16430 is the statute the CEA must work within. He stated his belief that 16430 has no restrictions on the percentage of corporates. It is just for preservation of capital and liquidity. The view has been to have a core treasury portfolio layered with spread product through investment-grade corporates. The restriction is not to get into non-investment-grade product.

Ms. Rossman asked if the financial advisor is recommending one-third corporates.

Mr. Hanzel stated he and his team work with the financial advisor and have quarterly calls with various asset managers to discuss strategies.

Mr. Welsh stated supplementing the statutory obligation to invest within the confines of Government Code Section 16430, the Council adopted an investment policy in 2019 that may have more specific guidelines especially around rating.

5. California Department of Water Resources Presentation: Jesse Cason, Jr., P.E., Manager, California Energy Bond Office, California Department of Water Resources (DWR), will provide an overview of DWR's expenses related to the management of the ratepayer non-bypassable charges collected on behalf of the California Wildfire Fund.

Presentation

Jesse Cason, Jr., P.E., Manager, California Energy Bond Office, DWR, provided a slide presentation overview of the background of the DWR Charge Fund that supports the Wildfire Fund, key program functions, and 2025 budget versus 2024 and 2023. He stated Assembly Bill (AB) 1054 established the DWR Charge Fund and authorized the DWR to collect NBCs and to issue bonds to capitalize the Wildfire Fund.

Mr. Cason discussed program efficiencies to be achieved in the future, such as implementation of automated data transfer from the IOUs to the DWR, continuing to develop and reduce turnover of staff to ensure succession planning, and continuing to

improve procedural schedules with the CPUC to ensure smooth rulemaking proceedings.

Discussion

Ms. Rossman stated one of the program efficiencies Mr. Cason reported as already achieved is that the DWR has substantially reduced the program's administrative and operating expenses from over \$10 million per year to under \$5 million per year. She asked for additional detail.

Mr. Cason stated, at the onset of the program, the DWR estimated that the budget would be over \$10 million for the DWR Charge Fund program. Upon further examination with the Council and the CEA, the DWR was able to reduce the budget to approximately \$5 million per year.

Ms. Rossman asked if the reduction was made within the first year.

Mr. Cason stated much of the projected \$10 million was due to the pro-rata share of the statewide administrative costs for the life of the program, including inflation. There was also uncertainty in the number of staffing hours it would take for the program at its inception. Once the DWR better understood the legislation and the program, the budget was reduced.

Chair Ghilarducci asked why the DWR expects the actual expenses to be under budget in 2025.

Mr. Cason stated the state's budget planning process projects expenses that may have an 18-month or more lead time, such as if the DWR was called upon to issue bonds or if there was a spike in work related to the regulatory proceeding with the Public Utilities Commission (PUC), which is also an unknown. Budget projections include those estimates.

Chair Ghilarducci stated his understanding that a portion of the budget is to cover bonds that may be issued.

Mr. Cason agreed that \$238,000 is included in the 2025 budget to cover bonds that may be issued. This is part of the reason that the DWR expects actual expenses to be under budget in 2025.

Ms. Rossman stated the Council does not have plans to issue debt in the near- or medium-terms. She questioned why that contingency is included in the DWR budget.

Mr. Cason stated the DWR budgets for it because of the state's budget planning process and the 18-month or more lead time. If bonds are not issued, the projected expenses will not be incurred. The Water Code requires the DWR to maintain the ability to issue bonds, if called upon.

Ms. Rossman asked what is required to assure the DWR's ability to issue revenue bonds.

Mr. Cason stated managing the quality of the revenue stream, working with the utilities and the PUC, administering rate agreements, and servicing orders. It is about ensuring that the utilities stay in compliance with the servicing orders and that the DWR is

following what has been agreed upon in the rate agreement with the PUC. This ensures that the DWR is protecting the ability to issue bonds and the credit rating.

Ms. Van Houten stated the DWR is on track to being well underbudget. She asked about a realistic number for the 2024 actual expenses.

Mr. Cason stated the 2024 actual expenses are projected to be less than the 2023 actual expenses.

Ms. Van Houten asked for verification that the 2025 actual expenses are expected to be close to the 2024 actual expenses.

Mr. Cason agreed.

Mr. Morton stated Mr. Cason talked about needing to maintain the timing and the ability to have the resources to issue bonds. He asked how well that timing matches up with the time it takes for a claim to be paid, as noted related to the Dixie Fire in Mr. Hanzel's financial report.

Mr. Cason stated, if the budget is set up so the DWR can issue revenue bonds, they could be issued in approximately 90 to 120 days.

Mr. Morton asked how well that matches up with the timeline for a claim to be paid.

Mr. Hanzel stated a rough estimate is three to five years. The Dixie Fire has taken three years after the event for the first claim to be paid. Another determining factor is the size of the event.

Vice Chair Rosenstiel asked if the DWR is overstaffed for what needs to be done now, given that the Council is not issuing bonds. When the DWR Charge Fund was set up and there was a Budget Change Proposal (BCP), it went to the Department of Finance, which showed 11 full-time equivalent (FTE) positions. The description of many of these positions included the issuance of bonds, investment of funds, or outstanding bonds. These things are not required now. They may be needed in the future but, as Mr. Hanzel noted, the DWR will have a three- to five-year advance notice of any activity, which is plenty of time to go through the budget process to be adequately staffed to issue and manage bonds.

Vice Chair Rosenstiel asked if the DWR is staffed differently now than what was anticipated by that BCP. It seems that the DWR currently has the same number of FTEs that were assumed when the DWR Charge Fund was set up.

Mr. Cason stated the DWR has some staff vacancies that will not be filled unless bonds are issued. The DWR has less staff than was planned at the onset of the program.

Vice Chair Rosenstiel asked, if the DWR was staffed as was anticipated at the outset of the program, rather than spending \$4 million, what the anticipated budget would be.

Mr. Cason stated personnel costs for 2024 are expected to be as low as approximately \$2.8 million. If the DWR was staffed as was planned at the outset, personnel costs would be an additional \$800,000 to \$900,000.

Vice Chair Rosenstiel stated his understanding that additional pro-rata statewide expenses would also be required.

Mr. Cason agreed that the pro-rata could increase but not a significant amount.

Vice Chair Rosenstiel stated it would be close to \$1 million more.

Mr. Cason agreed and stated it would be \$5 million rather than the current \$4 million.

Vice Chair Rosenstiel stated, in his experience as a long-time investment banker, three to five years is a lot of time to put in the necessary infrastructure. The DWR currently has an obligation to two parties – the Council and through the Council to the public – to demonstrate that the DWR is collecting all the money that needs to be collected. The DWR also has an obligation to the CPUC to report to them once a year whether the DWR collected too much or too little.

Vice Chair Rosenstiel stated the Council has not indicated how often the DWR should report to the Council but the DWR is currently sending money weekly. The need for more exactitude is not warranted at this point either by the Council or the CPUC, which only requires annual reporting. He stated he was unsure why there is a need to collect the data in a way that is much more exact than currently necessary. It seems to be overkill at this point since there are no bonds and the DWR will be alerted three to five years in advance should bonds be required in the future. He asked why such exactitude is required now in the way in which the DWR does its work.

Mr. Cason stated the utilities billing systems and working with the PUC on the regulatory proceedings are complex. The DWR also tracks how the utilities are remitting and ensures they are remitting as they are required by their classes of customers. The PUC counts on the DWR to provide this data and to provide oversight to the utilities. It is intensive. Moving to weekly payments to the Wildfire Fund increased the workload significantly. The necessary accounting, approvals for the payments, and working with the Controller in disbursing those funds increased the workload.

Vice Chair Rosenstiel stated it is difficult to know what all is being done. He asked about the number of FTEs.

Mr. Cason stated the DWR has 10 to 11 FTEs for the DWR Charge Fund.

Vice Chair Rosenstiel stated 10 FTEs works out to approximately 400 hours per week to process a few emails from the utilities. He noted that it is difficult to understand that there is that much work to be done. The Council is having a difficult time putting this together.

Mr. Cason stated he will take that as an action item to work with the Wildfire Fund Administrator on the three- to five-year lead time to see if there are processes that can be further improved to lower costs. He stated there are required processes the DWR does that are in the agreements. He stated he will work with the Administrator to look at the rate agreement and servicing orders to see if there is room for improvement.

Ms. Ritzman asked if department-wide costs are included in the Labor Line Item.

Mr. Cason stated they are.

Ms. Ritzman asked for additional detail.

Mr. Cason stated department-wide costs include a variety of expenses such as Human Resources, Division of Fiscal Services, Office of General Counsel, Line Management,

and General Management for the Department. It also includes various office facility costs.

Ms. Ritzman asked if this is a percentage that is determined each year and allocated across the Department.

Mr. Cason stated there are assessments that are calculated and assessed on each fund that the Department manages.

Ms. Barna stated the DWR charges for labor, etc. As a comparison of what the CEA presents to the Council, the CEA is providing claims administration, legal, risk management, and investment management. The professionals at the CEA track their time and allocate to the Wildfire Fund the time spent on behalf of the Fund. She asked if the 10 to 11 FTEs at the DWR are tasked only to the NBCs and the compliance or if they have other duties. She suggested that the DWR employees share and log their time for each fund like the CEA does.

Mr. Cason stated there are no dedicated staff to the DWR Charge Fund program. The staff that make up the 10 to 11 FTEs charge a portion of their time to this program. He stated, as an example, his office manages two programs.

Ms. Barna stated it may be helpful to see the detail as to what the Wildfire Fund is being charged in terms of personnel expenses.

Mr. Cason stated he will take that as an action item to break out the staff time.

Presentation, continued

Mr. Cason continued his slide presentation and discussed a securitization example and items requested at the last Council meeting: employee classifications, statewide costs, labor expense detail, and historical expenses of the DWR Charge Fund.

Discussion

Mr. Cash stated his understanding that the DWR staff only charge the time used to work on Wildfire Fund actions, similar to CEA staff.

Mr. Cason stated that is correct.

Ms. Rossman stated Mr. Cason has been careful to explain that the Council does not have authority over the DWR expenses it charges that are deducted from the NBCs. She asked who is responsible for approving the DWR budget.

Mr. Cason stated approval is through the state budget planning process that the DWR goes through each year through the Governor's Budget.

Ms. Rossman asked who specifically approves the DWR budget.

Chair Ghilarducci stated the Department of Finance, the Governor's fiscal manager, reviews the expenditures and recommends that the Legislature approve the DWR budget.

Ms. Rossman asked for more information about the individual who reviews the budget and approves it.

Mr. Cason stated a BCP was put in at the onset of the DWR Charge Fund program in 2020. The BCP was approved by the DOF.

Ms. Rossman asked who at the DOF annually reviews the DWR budget.

Chair Ghilarducci stated the responsible party is ultimately Director Joe Stephenshaw at the DOF.

Mr. Cason stated he does not personally interact with Director Stephenshaw. He stated his office works with the Division of Fiscal Services on the budget planning process to key the proposed budget into the system. The Division of Fiscal Services interacts with the DOF on the approval process.

Ms. Barna stated her understanding that staff keeps their hours and allocates a portion to this effort. She asked about their allocation percentage.

Mr. Cason stated each person has a different allocation percentage depending on their role and the service they are performing for the program.

Ms. Van Houten asked about the total number of staff who work on this program.

Mr. Cason stated the number of staff who charge time directly to the program is roughly under 20. Some may charge only a small percentage of their time to the program.

Ms. Van Houten stated, if the DWR has 10 FTEs, it is actually a large percentage of several individuals' time.

Mr. Cason agreed. He stated the FTEs that charge to this program is between 10 and 11 FTEs.

Ms. Barna stated it would be helpful to the Council to see more detail on that for better understanding.

Mr. Cason stated he will take that as an action item to verify the total number of staff who work on this program and the number of hours each staff member charges.

Vice Chair Rosenstiel stated the presentation slide notes that the historical expenses include a financial auditor, and the DWR website shows that there is an annual financial audit for the DWR Charge Fund. He questioned the need for an annual financial audit and asked who requires it.

Mr. Cason stated one factor is the rate agreement between the DWR and the PUC that requires the DWR to annually provide an audited financial statement. He stated this is one of the things that he suggested he and the Wildfire Fund Administrator could look at for possible adjustments, in conversation with the PUC and the DWR financial advisor. Also, if bonds were issued, having a history of the audited financial statements for the DWR Charge Fund would be helpful to the credit rating agencies.

Vice Chair Rosenstiel stated that makes sense; however, the three- to five-year advance notice is sufficient time to develop that history. He agreed with Mr. Cason about going back and seeing whether there are things that the DWR is currently doing that are not needed and can be cut because there are no bonds outstanding and the Council does not anticipate that bonds will be issued for a minimum of three years. Three years would be the minimum lead time. He asked the DWR to consider this with

staff and the DWR financial advisor Montague DeRose. Montague DeRose knows what is needed with respect to the DWR credit for the market.

Mr. Cason stated he will take that as an action item.

Ms. Rossman stated the Council has expressed the hope that there can be a reduction in this expense. She asked Mr. Cason if he has the ability to enact a significant reduction in expenses.

Mr. Cason stated it is something he would like to do and is working on. He stated he will take these action items back and work with the Wildfire Fund Administrator to search for ways to reduce activities and expenses.

Ms. Rossman suggested that the DWR hire an outside consultant to streamline processes and consider advances in technology since the program began to help reduce expenses.

Mr. Cason stated he will work with the Administrator on this suggestion; however, there are things that could be reviewed with the Administrator without an outside consultant.

Mr. Welsh stated the CEA will deploy the resources needed to help the lines of communication and to dig into the details that the Council requested action on.

Chair Ghilarducci stated he would rather that the DWR and Administrator sit with the teams to figure out where efficiencies can further be gained with the caveat that, should an audit be necessary beyond that or required to help them achieve the objectives that are set forth, they would have to go through a bidding process with a possible 6-month window before a consultant can even be hired and onboarded. It is more judicious to address this issue sooner and then along the way, if it is determined that they need additional outside help or the results of further review for efficiencies are not seen, the CEA can move forward with engaging an outside audit.

Ms. Van Houten stated it is difficult to get the insight required from the bullets on the presentation slide. She asked for more information on the planned future efficiencies in terms of understanding the timeline for implementing those efficiencies, especially removing some of those manual data-transfer processes and going to a more automated approach and what the expected savings are when those efficiencies are realized.

Mr. Cason stated he will take that as an action item.

Chair Ghilarducci applauded the DWR for bringing the cost down to where it is today. The Council made significant points today about the amount of effort being made when bonds have yet to be issued and about finding further efficiencies. Although the pro-rata share is complex across each department and agency, there are likely additional efficiencies that can be found to address the Council's concerns.

Public Comment

There was no public comment.

6. Public Comment: The Council will invite public comment on matters related to the Wildfire Fund that do not appear on this agenda and to make requests that matters be placed on a future Council meeting agenda.

- Will Abrams
- Michael Aguirre
- Richard Lane
- Joule Charney
- Jessica Tunis
- Sidney Robinson
- Tina Reszler
- Jordon Cox
- Joule Charney, additional comment

7. Adjournment.

Chair Ghilarducci thanked everyone for their participation and adjourned the meeting at 4:08 p.m.

CALIFORNIA EARTHQUAKE AUTHORITY
WILDFIRE FUND ADMINISTRATOR

PUBLIC MEETING OF THE
CALIFORNIA CATASTROPHE RESPONSE COUNCIL

PARTIAL TRANSCRIPT -
PUBLIC COMMENT RECEIVED DURING THE MEETING

HOSTED BY THE CALIFORNIA EARTHQUAKE AUTHORITY
400 CAPITOL MALL
SUITE 670
SACRAMENTO, CALIFORNIA

THURSDAY, NOVEMBER 14, 2024
2:00 P.M.

Recorded by: Rebecca Hudson

APPEARANCESCalifornia Catastrophe Response Council Members:

Mark Ghilarducci, Chair, designee of Governor Gavin Newsom

Khaim Morton, designee of State Treasurer Fiona Ma*

Lisbeth Landsman-Smith, designee of Insurance Commissioner Ricardo Lara

Bryan Cash, designee of Secretary of Natural Resources Wade Crowfoot

Tracy Van Houten, appointee of the Speaker of the Assembly*

Kathleen Ritzman, appointee of the Senate Committee on Rules

Paul Rosenstiel, Vice Chair, Public Member

Rhoda Rossman, Public Member

Catherine Barna, Public Member*

*Participated remotely

Members of the CEA staff in attendance:

Tom Welsh, Chief Executive Officer

Shawna Ackerman, Chief Risk and Actuarial Officer

Tom Hanzel, Chief Financial Officer

George Sittner, Chief Insurance and Claims Officer

Suman Tatapudy, General Counsel

Susan Johnson, Governance Liaison

APPEARANCESMembers of the Public Offering Comment

Will Abrams

Michael Aguirre*

Richard Lane*

Joule Charney*

Jessica Tunis*

Sidney Robinson*

Tina Reszler*

Jordon Cox*

Joule Charney, additional comment*

*Participated remotely

PROCEEDINGS

3:31 p.m.

1
2
3 **6. Public Comment: The Council will invite public comment**
4 **on matters related to the Wildfire Fund that do not appear**
5 **on this agenda and to make requests that matters be placed**
6 **on a future Council meeting agenda.**

7 MR. ABRAMS: Great. All set? Thank you.

8 Thank you, Council members and Chair. I
9 appreciate hearing all of the great work that you're doing.
10 There were a lot of thoughtful questions.

11 I'm here today as a wildfire survivor from the
12 2017 Tubbs Fire. I know there was a lot of discussion in
13 the last meeting about how and if the Council could assist
14 the wildfire survivors from 2015 to 2018 who are still
15 really languishing awaiting their payment. I know that
16 folks are living in tents; folks are trying to feed their
17 families waiting for these funds.

18 And there was a -- as I reviewed the minutes from
19 the last meeting, there's a few points that I just wanted
20 to clarify for the Council, the first of which is that this
21 Fund and indeed this Council really owes a debt of
22 gratitude to those victims.

23 We were all called upon to support Governor
24 Newsom to support the Legislature to get this done for
25 California, and it was absolutely communicated to those

1 victims as they lined up the door -- out the door to
2 support this legislation, that this was to get them paid in
3 full. That this was something that they needed to do. And
4 victims voted on a plan because they had no choice.

5 This legislation as it was put forward was that
6 victims needed to agree and sign off on this plan by
7 June 30th or risk getting nothing, right? And so, I get --
8 because of the advocacy that I've joined in the bankruptcy
9 court at the CPUC and elsewhere, I get a lot of calls. A
10 lot of folks were on the call - some had to drop off - who
11 are really struggling.

12 And I know that there's a large effort to focus
13 narrowly for the Council's work. And I'm really here to
14 implore you all to expand your view and to really broaden
15 your perspective about what you can do with these funds.
16 Absolutely, the Council members could -- to put forward
17 ideas for amendments to the legislation to better serve the
18 citizens.

19 And again, these victims are the ones who got
20 this done and they're the ones left out of the benefits of
21 this fund. And it's just really unjust. And it's not due
22 to anyone's fault. There's a lot of "sausage making" that
23 went on with the legislation, and I was a part of those
24 discussions. I met with the authors of the bill. I
25 understand that there were some noble intents there.

1 Unfortunately, through those processes,
2 Mr. Rosenstein (sic), some of your former colleagues got
3 engaged as well. And, really, we have a great fund that is
4 supporting utility investors. We have a great fund that is
5 supporting utilities and their credit rating, but the
6 victims really need to benefit from this -- activity of
7 this Council.

8 There are ways to get this done. The victims of
9 the San Bruno gas explosion in 2010 -- PG&E was -- had to
10 provide bill credits for all those victims. And make no --
11 make no -- I want to make sure it is clear - PG&E
12 absolutely stated that it was their goal and that they put
13 victims as their top priority and that we would be paid in
14 full.

15 Right now, we hope to get 70 percent, less
16 33 percent attorneys' fees, less earned income taxes, as if
17 this was earned income. Try to rebuild your house on that.
18 Try to put food on the table for your kids with that.
19 These victims deserve our support.

20 I understand that there's going to be an
21 emphasis, as I move around from bankruptcy court to the
22 CPUC and elsewhere, to say this isn't really our
23 responsibility. Go talk to the Fire Victim Trust. It's
24 not our responsibility. Go talk to the CPUC - they're
25 providing financial oversight. Go talk to the Council.

1 They are in charge of the Fund. They can get this done.

2 There are ways to have this done. Derivative
3 cases were assigned to the trust to help provide additional
4 proceeds for the trust to pay victims. PG&E could provide
5 additional derivative cases to help fund this. There are
6 sustainability bonds, which PG&E issues. We could have
7 bonds set up for the specific purpose of making -- holding
8 PG&E accountable to what they need to provide to victims.
9 Of course, victims need this today, but, if there's ways to
10 have this done over the next period of time so that those
11 victims get paid, it's just the right thing to do.

12 And I know everybody's hearts are in the right
13 place with this fund and how you're administering it, but I
14 just want to make sure that we're not losing sight of the
15 opportunity to help the victims who brought about this
16 Council, who got this rolling.

17 I just want to put myself forward. I know that
18 there are rules about how we can all circle up and have
19 discussions outside these Council meetings, but I'll be
20 here after the meeting, and I would really appreciate the
21 opportunity to individually meet with each of you to
22 provide you with a little context about what current
23 wildfire survivors are doing and how we can help to serve
24 them.

25 Because there are things we can do if we stretch

1 a little bit beyond the narrow focus of the Council and
2 look at how we can engage those folks. So, I appreciate
3 your time. Thank you.

4 CHAIR GHILARDUCCI: Thank you.

5 MR. WELSH: Can you quickly give us your name so
6 that the minutes are accurate.

7 MR. ABRAMS: Yes. I apologize. My name is Will
8 Abrams.

9 MR. WELSH: Thank you.

10 CHAIR GHILARDUCCI: Thanks, Will.

11 Anyone else here in person? Seeing none, can we
12 go to online, please?

13 MS. JOHNSON: To participate in public comment or
14 to request an item be placed on the agenda for a future
15 meeting, please press *9 on your phone or click the Raise
16 Hand button and you will be unmuted.

17 Mr. Chair, we currently have three requests for
18 public comment.

19 Michael Aguirre, you should be unmuted. Please go
20 ahead.

21 MR. AGUIRRE: Thank you very much.

22 We have something in our United States
23 Constitution called equal protection of the law. If those
24 that were -- had their homes destroyed previously do not
25 have access to the fund, but those who have destroyed homes

1 now do have access. So, just think about that. Is that
2 equal protection of the laws?

3 Something else that I -- you know, it's already
4 hard to take criticism, but I want to say something to you.
5 You spent so much time on that which was not very
6 significant, which is the amount of money being spent to
7 provide public information, but you really spent no time on
8 that which is much more significant -- much bigger numbers,
9 which is the process by which PG&E is just coming in and
10 picking up a check from the Council. No public open
11 meeting, no record before anybody, hiring outside consults.
12 That's a mess and we're going to have to do something about
13 that. That is not a proper way to proceed.

14 You really need to have PG&E come in. Not get
15 them on the phone, but have them come in and make the case.
16 And they can do it in the aggregate - they don't have to do
17 it case by case - but make a presentation to you. Have us,
18 the public, listen in on what they're doing and then make
19 it -- you know, you make a judgement call. But you're
20 delegating everything up.

21 You know, I'll close by saying this. I assume
22 that most of us are in the same progressive philosophy and
23 association, but we're not doing the job. You know, this
24 whole thing about propping up PG&E because PG&E was failing
25 to maintain safety and we had the 1054 bailout by the

1 Governor, when so much money is poured into our democratic
2 party. So much money is poured by PG&E into our party and
3 we're losing contact. We're losing connection. We're
4 losing credibility. We're losing the support of the
5 public.

6 And I just ask you - I know you're people who
7 have a lot of experience and you don't really listen to
8 people that make public comment, but I just ask you -- you
9 know, reflect on this. Equal protection of the law and
10 don't waste time on the small stuff. Focus on the big-
11 ticket items. That's what the auditors do. They call it
12 materiality.

13 Thank you for your time.

14 CHAIR GHILARDUCCI: Thank you, Michael.

15 MS. JOHNSON: Mr. Chair, Richard Lane is
16 requesting to speak.

17 Mr. Lane, please go ahead.

18 MR. LANE: Thank you very much. I'd like to
19 thank all of you on the Council for your time and your
20 commitment to what I interpret as fiscal conservatism.
21 You seem really, really on top of the numbers and the
22 detail.

23 I would like to refer to back to the financial
24 report that was presented. I believe it was Item 4C. And
25 on that budget -- or rather on that fiscal report, we see

1 that there was an improved position of \$1.5 billion from
2 September '23 to September '24. What isn't in the packet
3 was that same number, \$1.5 billion, reflects the increase
4 in the net assets from September '22 through September '23.

5 So that's \$3 billion of improved fiscal position
6 that wasn't funded. It was really just a matter of what
7 securities we had and interest that was earned on the fund.
8 So, when fire survivors like myself -- I'm a survivor of
9 the Tubbs Fire and a claimant in the Fire Victim Trust
10 where I'm getting 70 percent of my Fire Victim Trust
11 claim -- when we are told that there isn't money available,
12 that no one else is putting money into the Fire Victim
13 Trust, and the -- this Council's hands are tied, the
14 reality is we are earning money on the money that was put
15 in. It's not going to come out of anybody's pocket.

16 So, at the meeting previous to today's meeting,
17 Mr. Welsh said that, if \$6 billion is used to enhance
18 recoveries to the fire survivors, it will shorten the life
19 of the fund. And we don't need \$6 billion right now. Last
20 year, we improved our fiscal position \$1.5 billion. This
21 year, again, \$1.5 billion. Next year, possibly
22 \$1.5 billion again.

23 And as Will Abrams pointed out earlier, we don't
24 need to do this all at once. We don't need \$6 billion out
25 of the fund right now. We need the fire victims knowing

1 that their future is secure instead of the condition that
2 it's in now.

3 Thank you. I hope you'll take this under
4 advisement and think about it because we know that we need
5 to get together with the Legislature and come up with
6 suitable plans. Over time, \$1.5 billion, \$1.5 billion, we
7 will get to \$6 billion, but we need your help. So, thank
8 you on behalf of all the fire victims.

9 CHAIR GHILARDUCCI: Thank you, sir.

10 MS. JOHNSON: Mr. Chair, Joule Charney is
11 requesting to speak.

12 And please correct me if I have misstated your
13 name, and please go ahead.

14 Catherine, can you please --

15 MS. CHARNEY: Can you -

16 MS. JOHNSON: Thank you.

17 MS. CHARNEY: Can you hear me?

18 CHAIR GHILARDUCCI: We can hear you.

19 MS. CHARNEY: Okay, thank you.

20 CHAIR GHILARDUCCI: Mm-hmm.

21 MS. CHARNEY: My name is Joule, J-O-U-L-E,
22 Charney, C-H-A-R-N-E-Y. I am a Camp Fire survivor. So, we
23 just passed the sixth-year anniversary of that. I'm sorry
24 I came onto the Zoom call late. I am in Georgia, thanks to
25 the Camp Fire driving me out of California. That's where I

1 ended up. I still own my property in California.

2 I'm willing to go back and lead as many victims
3 of the fires that were lumped into the same bankruptcy as
4 needed to the Capitol steps, if that's what it takes to get
5 AB 1054 amended so that it is retroactive to include the
6 2015, 2017, and 2018 Camp Fire.

7 There seems to be adequate funds. My
8 understanding is -- I know I came late into the Zoom, but
9 roughly \$12 billion in funding available in 1054's account.
10 The \$6 billion has been mentioned and not necessarily
11 needed all at once, but I really don't see any reason why
12 we can't tap into \$12 billion, when the entire amount
13 allotted to the actual victims not including insurance
14 companies and hospitals and governmental agencies was
15 \$13.5 billion.

16 As a Camp Fire victim, a person with a master's
17 degree, a private investigator licensed in the state of
18 California since 1983 who's been involved in many court
19 cases, it just frankly alludes me that we are in the
20 position of only receiving collectively 70 percent of
21 agreed-upon settlements. And, despite the hard work of my
22 attorney on this and the -- and the incredible amount of
23 effort, I have gone to to pull items out of the rubble of
24 my home -- what was my home in Paradise. Pull it out, get
25 it to Georgia, photograph it, submit it to the Fire Victim

1 Trust, I really feel like I was completely screwed by the
2 Fire Victim Trust in the 70 percent that I've received.

3 So, you take that minus insurance that all of us
4 that had insurance paid for. We've paid our premiums. In
5 my case, it was twenty-six and a half years on the house I
6 was in at the time of the fire. That doesn't get taken
7 into account. You take into account attorney's fees and
8 potential federal income taxes; we aren't left with a whole
9 lot to "rebuild our lives" with.

10 So, yes, I've landed in a beautiful place in
11 Georgia, but I would really like to get back to my property
12 that I still own in Paradise. And I would like to be able
13 to also see people out of their tents, out of their cars,
14 out of their SUVs, out of their motorhomes. I've been back
15 many times. I've lived on my property in a motorhome that
16 I lived in for the first three years after the fire. So, I
17 personally have seen what is happening in Paradise. It's
18 not just -- don't -- please don't think that, just because
19 I bought a house in Georgia, I'm not well aware of what's
20 going on back there.

21 So, financially speaking, this seems to be a
22 pretty simple fix. I think it would take a couple of
23 sentences to amend AB 1054 to make it retroactive to cover
24 the bankruptcy that, frankly, in my opinion, is outrageous
25 in its scope. I think there's approximately 25 fires

1 lumped into one bankruptcy and, as Mr. Abrams so eloquently
2 stated, we basically were forced into a vote and given no
3 other options. I certainly didn't vote in favor of it, but
4 I have many close friends who were terrified that they
5 would get absolutely nothing if they didn't because of the
6 law firm of Watts Guerra spending quite a bit of money to
7 convince us -- you know, create a lot of scare tactics in
8 order to get people to vote in favor of it.

9 As a -- as just speaking for myself, I feel that
10 the information and the way it has come out in little dribs
11 and drabs over the past six years has made it very
12 difficult to make intelligent financial decisions. On top
13 of that, I had a beautiful 2,800-square-foot home with a
14 \$715 mortgage on a 30-year fixed. I'll never be able -- I
15 was one week shy of my 65th birthday when the Camp Fire
16 burned down everything I had and destroyed my town.

17 I can't -- I don't really want to spend what
18 years I have left in my life, and I turn 71 tomorrow,
19 figuring out my best financial strategies to make up for
20 what that fire did to me. But, in a couple of sentences, I
21 do believe this legislation could be amended to make it
22 retroactive to 2015 instead of starting in 2019. I really
23 think you don't have to make as big a deal out of this as a
24 lot of people want to make it.

25 And I want to make another comment about

1 consultants that was brought up earlier. Not to in any way
2 diminish the need for oversight on costs, I just want to
3 point out, every time there's been a consultant involved in
4 anything, especially pertaining to the fires that have been
5 happening in California, the consultants get a whole lot of
6 money to produce what I consider to be rather weak advice.

7 So, I personally am not in favor of hiring a
8 consultant. I think that was the Department of Water
9 Resources part of your Zoom call that I came in on. So, I
10 wasn't privy to the details as to why a consultant would be
11 needed to deal with the costs, but, in general, I think
12 hiring a consultant is kind of a -- has gotten to be too
13 much of an automatic go-to, and I don't think it produces
14 the results that are commensurate with the amount of money
15 that the consultants tend to get paid.

16 So, I agree with the woman -- I believe it was a
17 woman who stated that -- or no. I'm sorry, maybe it
18 wasn't. Whoever stated that we might be able to go back
19 and deal with different department heads and cut costs, I
20 think that's probably a much better idea on the -- versus
21 hiring a consultant.

22 But I just in general want to state with the
23 shortfall of what I understand to be \$6 billion. A fund
24 that's continually growing double that that's nearly
25 already the amount that was only -- that was already

1 allocated to the fire victims, it's absolutely outrageous
2 that we can't come up with the other 30 percent to
3 compensate people who already were not adequately
4 compensated in the first 70 percent. Not even close.

5 And I'm open to answering anyone's questions
6 about my background or my points of view on this or what
7 I'm literally willing to do. And I do mean I will go
8 organize fire victims, if that's what it's going to take,
9 and lead a march to downtown Sacramento. And I frankly
10 feel that that's what it's going to take to get the
11 attention that's needed. And, if I were a legislator in
12 California and I voted against making AB 1054 retroactive,
13 I would deserve to be run out of town tarred and feathered.

14 Fire victims did not deserve to lose everything
15 including, in my case, a pet, neighbors, friends, our town,
16 everything. Not just things. Not just our homes and our
17 trees for which we weren't even compensated, which were
18 part of a large forest. We had such a rotten deal in
19 the -- from the get-go, and then to only get 70 percent of
20 a rotten deal? Any legislator is committing political
21 suicide if they vote against providing an additional
22 30 percent. So, I think it basically comes down to take
23 simple of a solution.

24 And, no, I'm not a legislator, never been in
25 politics, don't ever want to be in politics, but I know how

1 to gather people and I know how to get news media attention
2 and, unless I hear some better option, I'm willing to go
3 back to California and be the one leading the charge to the
4 Capitol steps.

5 I just want everybody involved in this to know
6 that. I'd really rather not do that (laughter). I would
7 really rather not have to do that, but, if there's a
8 simpler way to get the same mission accomplished, I would
9 love to hear it.

10 CHAIR GHILARDUCCI: Ms. Charney, we thank you so
11 much for your comments. I appreciate you taking the time
12 to share with us today.

13 MS. CHARNEY: Thank you. I hope you really took
14 them to heart.

15 MS. JOHNSON: Mr. Chair, waiting to speak is
16 Jessica Tunis.

17 Jessica, please unmute your microphone if you get
18 a message to do so and please go ahead. Thank you.

19 MS. TUNIS: Yes, good afternoon. My name is
20 Jessica Tunis and I am a resident of Rohnert Park. My
21 mother perished in the Tubbs Fire in 2017 and I actually
22 was recruited up from the ashes to go and lobby for this
23 bill.

24 And, at the time, I really had mixed feelings
25 about it, but, you know, I was told it was going to be for

1 the benefit of all victims, that we would be paid faster,
2 it would require PG&E to exit bankruptcy by the middle of
3 2020, and that that would be to everyone's benefit.

4 And, actually, I was understood -- I understood
5 it that we would be paid by 2020. I realize now what a --
6 how naïve I was and that -- that there would actually be a
7 Fire Victim Trust and that there'd be -- of course, that
8 would be a necessary step. But, at the time, I thought
9 that we would all be paid by the middle of 2020 and that we
10 would be paid in full. And that -- that's what I went to
11 go and support. Also, that PG&E would require -- would be
12 required to put millions of dollars into safety and that's
13 why I went to support it.

14 I have a picture of myself and my friends with
15 Governor Newsom and we were there to support this bill
16 despite the fact that, you know, there were a lot of
17 questionable things about it in terms of PG&E having, you
18 know, these safety certificates, that they would be given
19 the benefit of the doubt, et cetera.

20 The reason I'm just -- I'm here today is to say
21 that I support all the efforts to use this fund to make us
22 whole - the victims from the 2020 -- all the PG&E
23 bankruptcy fires to make us whole. I support the effort.
24 I will -- I'm -- whatever needs to be -- I'm willing to
25 participate in whatever legislator writing that needs to be

1 done, but it is unjust what happened to us and, you know, I
2 support the effort to make us whole. Thank you.

3 CHAIR GHILARDUCCI: Thanks, Ms. Tunis, and we're
4 sorry for your loss. We appreciate your comments today.

5 MS. JOHNSON: Mr. Chair, we have a caller
6 requesting to speak.

7 Please go ahead and state your name and you may
8 need to unmute yourself.

9 Please go ahead.

10 MS. ROBINSON: Hi, my name is Sidney Robinson.
11 My family and I are survivors of the Camp Fire that ignited
12 November 8th in 2018 in Paradise, California. I want to
13 thank the Council for allowing your time today.

14 We are asking for AB 1054 to be amended and to
15 include us. This is our only chance at coming even close
16 to 100 percent compensation for our losses from these
17 fires. Over - over 70,000 fire victims whose lives were
18 already shattered by PG&E dating back from the 2015 Butte
19 Fire and continuing with the 2018 Camp Fire.

20 The PG&E settlement was significantly
21 underfunded, and while the CPUC judge -- attorneys were
22 aware of this shortfall, PG&E was still allowed to exit
23 bankruptcy and move forward with the settlement knowing
24 that there would be a shortfall in funds.

25 We were forced to agree to it or be tied to the

1 possibility of getting nothing. It is now 2024 and more
2 than six years have passed; yet, we still haven't been made
3 whole, a constant reminder and burning pain left by these
4 fires.

5 Then the Fire Victim Trust Administrator who was
6 appointed to disburse these funds was -- decided to keep
7 the claims filing period open for more than two years pass
8 the judge's initial deadline, and now our settlement has
9 stretched all these years. The decision to do this
10 significantly impacted claims processing and increased
11 operating expenses, which has now exceeded \$600 million
12 that has billed directly to the Fire Victim Trust Fund.

13 PG&E and their investors in 2023 announced
14 profits of \$2.2 billion, a record year for them and a sure
15 sign that they are moving in the right direction since
16 emerging from bankruptcy in 2020. I believe that they can
17 find a commonsense plan with the Governor, the legislator
18 (sic), and make up for the shortfall in the CEA (sic)
19 account to get the Fire Victim Trust Fund fully paid.

20 PG&E must be held accountable so they can fulfill
21 their promise and duty to the claimants and victims from
22 the devastating fires that they were stated from their -
23 that they started from their negligence. Amendments to
24 AB 1054 will allow for our fire victims to finally see the
25 compensation they deserve, now more than six years later,

1 while we battle inflation, taxation, and high attorney
2 fees.

3 Please do what's right and include us with
4 AB 1054 and do it in a sensible time so we can see closure.
5 We are fire victims too. Don't forget about us. We were
6 the reason the bill was created and drawn in June of 2019.
7 We deserve to see 100 percent of our promised settlements.
8 Thank you.

9 CHAIR GHILARDUCCI: Thank you for your comments.

10 MS. JOHNSON: Mr. Chair, we have two more
11 speakers.

12 Tina Reszler, please go ahead. You may need to
13 unmute yourself.

14 MS. RESZLER: Hi, this is Tina Reszler and I'm a
15 Camp Fire survivor from Paradise, California. Earlier in
16 the meeting, there was a comment about keeping the
17 integrity and adhering to the current law about AB 1054,
18 but the reality is that, if PG&E had any integrity or
19 obeyed their own policy, we wouldn't even be here today.
20 But things can change.

21 Even though forced, things can change to the
22 positive. The Durability Analysis can highlight all those
23 positive changes, which are occurring throughout the state,
24 and can open the door to allow the bankruptcy fires into
25 the insurance fund. And, to be honest, it is simply just

1 the right thing to do.

2 When I walked out the door at 7 a.m. on
3 November 8th, 2018, I made a drastic life-changing decision
4 that haunts me every day, all based on viewing a massive
5 fire cloud without having any information as to what was
6 going on that morning.

7 I was one of only a couple of analysts that
8 worked for Butte County that knew how to do a GIS Mapping
9 of our IHSS clients, and I managed to map between 500 and
10 800 clients in the Paradise area that morning, but ended up
11 losing everything myself, including my pets. I deserve my
12 full award.

13 There were aged adults who used walkers trying to
14 walk away in the streets from fire all around them. They
15 deserve their full awards.

16 People who lost their loved ones who burned to
17 death in wheelchairs in their homes - people who couldn't
18 get away and everybody in between, we all deserve our full
19 awards.

20 The wildfire survivors and victims of all these
21 preventable fires deserve their full awards regardless of
22 when the fire occurred. True integrity would be to allow
23 the PG&E bankruptcy fires into the insurance fund,
24 especially if the utility companies are doing so great.

25 I just want to thank you for allowing public

1 comment and thank you for your time.

2 CHAIR GHILARDUCCI: Thank you for your comments.

3 MS. JOHNSON: Mr. Chair, our final speaker is
4 Jordan.

5 Jordan, please state your full name for the
6 record and unmute yourself, if needed. Please go ahead.

7 Jordan, we're working to get you unmuted. One
8 moment, please.

9 MR. COX: Hi, my name is Jordan Cox. Can you
10 hear me all right?

11 CHAIR GHILARDUCCI: We can hear you now. Thank
12 you.

13 MR. COX: Yeah, I just wanted to see if the
14 Council has any practical advice for us as far as getting
15 AB 1054 amended or another possible bill. I just want to
16 see if anyone has any thoughts on that.

17 MR. WELSH: The public comment period is really a
18 one-way opportunity for the public to share some thoughts
19 and, frankly, since we didn't agendaize providing feedback,
20 that would be something, which would be a request for
21 something like that to do added to a future agenda.

22 CHAIR GHILARDUCCI: But we'd be open to hear if
23 you have any thoughts specific to this topic.

24 MR. COX: Yeah, I agree just with a lot of the
25 other people that have been commenting. Just those that --

1 you know, from 2015 to 2018 that were, you know, part of
2 these earlier fires and got things going. I just -- I
3 think they should be, you know, compensated. Thank you for
4 your time.

5 CHAIR GHILARDUCCI: Thank you very much for your
6 comment.

7 MS. JOHNSON: If anyone else wishes to provide
8 public comment, please press *9 on your phone or click the
9 Raise Hand button on the Zoom app.

10 Mr. Chair, Joule Charney is requesting to follow-
11 up her earlier public comment.

12 Joule, please go ahead.

13 MS. CHARNEY: Mute, unmute. (Laughter.) Since
14 this is a one-way public comment section of your public
15 comment that those of us who have commented within the
16 scope of this meeting and anyone else who is an integral
17 part of the -- (laughter) the club nobody wants to join of
18 being a fire victim or related to a fire victim of the 2015
19 to 2018 PG&E-caused fires, I'm -- I would definitely like
20 that to be agendized.

21 I also would like to put it out there that we
22 need -- I would like to see us have a vehicle in which we
23 can work with you on a closer level to not just be given
24 information as to what you're doing, but there are those us
25 that would really, I believe and I know this to be a fact

1 and I'm one of them - would really like to be instrumental
2 in effecting whatever needs to happen to amend AB 1054 or
3 whatever needs to happen other than amending 1054 to get
4 the remaining 30 percent.

5 So, we need a means to do that. I'm sharing that
6 information. I'm letting you know there are people willing
7 to do this. I know how that - how wrong that also can go
8 when you get too many cooks in the kitchen. I'm not
9 suggesting that we do that, but there are people that have
10 some expertise in getting things to happen and we're not
11 being utilized. And, frankly, I don't think that anyone is
12 more likely to be persuasive than a fire victim him or
13 herself or is, in the case of the one person whose mother
14 died, I believe it was in the Tubbs Fire, a relative of
15 someone who died in one of these horrible, horrible fires.

16 We have the capability that non-victims -- that
17 they lack to express ourselves and be persuasive. That's
18 what it's going to take to get what we're asking for. And
19 I'm offering myself. As I said before - I'll lead a
20 charge, I'll do paperwork, I will make phone calls, I
21 will -- I don't want to write letters (laughter). We're
22 already writing letters trying to get the -- get us out of
23 paying federal taxes, but I'm putting myself out there. I
24 think there are a lot of other people that are qualified to
25 be of assistance in this regard.

CERTIFICATE OF REPORTER

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I, REBECCA HUDSON, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing meeting of the California Catastrophe Response Council and thereafter transcribed the recording.

I further certify that I am not counsel or attorney for any of the parties in this matter, or in any way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of November, 2024.


REBECCA HUDSON



California Catastrophe Response Council Memorandum

February 13, 2025

Agenda Item 3: Executive Report

Recommended Action: Information only

CEA Executive Staff will facilitate a discussion with the Council on the following topics:

A. January 2025 Southern California Wildfires

The seven major wildfires in Southern California during January destroyed more than 18,000 structures and killed at least 29 people. While the cause of the ignitions of the largest and most destructive fires – Palisades and Eaton – remain under investigation, the extraordinary level of economic damage and property loss from these wildfires has drawn intense interest in and focus on the Wildfire Fund. Only one month into the 2025 fire season and the state of California has already experienced wildfires resulting in tens of billions of dollars in damage, with some estimates indicating that the aggregate damages will exceed \$100 billion.

In its capacity as the Administrator of the Wildfire Fund, CEA staff monitors all California wildfires to ensure its readiness to work with participating investor-owned utility companies (IOUs) should any of the fires become “covered wildfires” (i.e., wildfires determined to have been caused by an IOU) that may give rise to “eligible claims” payable from the Wildfire Fund (i.e., third-party damage claims in excess of \$1 billion for the IOU during the coverage year). CEA staff will describe the on-going monitoring of the January Southern California fires, keeping in mind that no final causation determinations have been made for any of these fires. This monitoring process includes reviewing all Incident Reports filed with the California Public Utilities Commission by a participating IOU with respect to a wildfire. For reference purposes, copies of the Incident Reports filed by Southern California Edison regarding the Eaton and Hurst Fires are included as Attachment A.



B. CEA's Wildfire Fund Administration

The significance of the January wildfires creates an opportunity for refreshed conversations on key aspects of the administration and oversight of the Wildfire Fund, including:

1. The purpose and function of the Wildfire Fund;
2. The roles of the Administrator and Council;¹ and
3. Wildfire Fund Liquidity Management and Claim-Paying Capacity.

C. Forward-Looking Administration Activities.

The Wildfire Fund legislation (AB 1054) was enacted in 2019 to, among other things, create an insurance fund with a fixed capitalization to generate approximately \$21 billion in claim-paying capacity. Pursuant to AB 1054, the CEA created and the Council approved Claims Administration Procedures. A schematic describing those procedures is included as Attachment C.

In addition to administering the Wildfire Fund and paying eligible claims as and when they are submitted following a covered wildfire, the Administrator is charged with "tak[ing] other actions to maximize the claim paying resources of the fund." See Cal. Pub. Utilities Code § 3281(e). To the extent policy discussions might arise in response to the January 2025 Southern California wildfires to focus on ways to maximize the claim-paying resources of the Wildfire Fund, the CEA as Administrator will necessarily play a role in and contribute to those initiatives. Active engagement by the CEA, as the subject matter expert on the Wildfire Fund's current administration and activities, together with collaboration with key stakeholders and policymakers, will be important to preserve the original purpose of the Wildfire Fund.

¹ For reference, Attachment B is a copy of the Council's Articles of Governance that describes the respective roles and responsibilities of the Council and the Administrator.

The Following information regarding this incident has been reported:

Reporting Date: 1/9/2025 6:09:45 PM

Incident Date: 1/7/2025 @ 6:15 p.m.

Reported By: Paul C. Pimentel, Principal Manager

Utility Name: Southern California Edison Company

Phone Number: (626)302-5830

Email Address: paul.pimentel@sce.com

Incident Location: Near Eaton Canyon Altadena, Los Angeles County

Reasons For Reporting:

- Fatalities? No (Utility: , Others:)
- Names of Fatalities:
- Injuries? (Utility: , Others:)
- Names of Injured:
- Damage? Yes (Utility: , Others:)
- Interruption? (Total Customers: , Total Hours:)
- Operator Judgement? No
- Media Coverage? Yes

Cause of Incident: Unknown (Other Cause:)

Agencies on Scene:

Facilities Affected:

- Utilities Facilities:
- Voltage (KV):
- Customer's Facilities:

DigIn Information:

- Excavator Name:
- Contact:
- Phone: (____)____-____

Incident Recovery:

- On Scene Date & Time: @ 00:00 a.m.
- Service Restored: @ 00:00 a.m.

Summary: SCE submits this report out of an abundance of caution because the incident may meet the technical reporting criteria. The Eaton Fire has received significant media attention and has caused property damage exceeding \$200,000. SCE received evidence preservation notices from counsel representing insurance companies in connection with the fire, and there are online publications that seemingly suggest SCE equipment may be

associated with its cause. Therefore, the incident is arguably ?allegedly attributable to utility facilities,? which technically triggers this report. To date, no fire agency has suggested that SCE?s electric facilities were involved in the ignition or requested the removal and retention of any SCE equipment. Additionally, preliminary analysis by SCE of electrical circuit information for the energized transmission lines going through the area for 12 hours prior to the reported start time of the fire shows no interruptions or electrical or operational anomalies until more than one hour after the reported start time of the fire. Aside from the preservation notices suggesting SCE?s potential involvement and significant media attention surrounding the fire, we do not believe this incident meets the reporting requirements.

January 27, 2025

202500250

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
ATTN: ED PIKE, WILDFIRE SAFETY ENFORCEMENT BRANCH
500 VAN NESS AVENUE
SAN FRANCISCO CA 94102-3298

Re: Date of Incident: January 7, 2025
 Location of Incident: Near Eaton Canyon, Altadena, California

Dear Mr. Pike:

In light of significant media attention and emerging information related to the Eaton Fire, this letter supplements the notice Southern California Edison Company (SCE) provided to the Commission on Thursday, January 9, 2025, at 6:09 p.m. pursuant to Resolution ESRB-12.

According to the California Department of Forestry and Fire Protection (Cal Fire), the Eaton Fire ignited in the Eaton Canyon, east of Altadena on Tuesday, January 7, 2025, and is 98% contained as of the date and time of this submittal. The Eaton Fire ignited and spread under conditions of a Santa Ana windstorm, with reports of blowing embers into and throughout the Altadena area. According to Cal Fire, the Eaton Fire has burned approximately 14,021 acres. Cal Fire also reported that there were 17 confirmed fire personnel and civilian fatalities, and nine confirmed fire personnel and civilian injuries attributed to the fire. According to information provided by Cal Fire, 9,418 residential, commercial and other structures were destroyed, and 1,073 structures were damaged. The fire also burned into and damaged SCE distribution facilities in the Altadena area, including the Fair Oaks Substation.

SCE understands that the Los Angeles County Fire Department (County) is the lead agency investigating the origin and cause of the Eaton Fire, with support from other agencies, including Cal Fire. Their investigation remains ongoing. On January 12, 2025, SCE received a letter from the County identifying the preliminary origin area for the Eaton Fire around coordinates N34.1860422292 W118.09357612511549 in Eaton Canyon. SCE has three transmission towers in proximity to these coordinates: (1) the M6T1 structure, carrying the Eagle Rock-Mesa 220kV and Mesa-Vincent No. 2 220kV transmission lines, (2) the M24T3 structure, carrying the Mesa-Vincent No. 1 220kV and Goodrich-Gould 220kV transmission lines and (3) the M16T1 structure, carrying the Mesa-Sylmar transmission line, which is no longer in service.

On January 16, 2025, the County informed SCE that it had released its investigation scene related to the origin and cause of the fire. The County has asked that SCE preserve in place its transmission facilities proximate to the County's preliminary area of origin but has not asked for SCE's assistance in removing any SCE facility from the field. SCE is complying with the County's request. It is unknown what evidence or materials, if any, the agency investigators

removed from the preliminary origin site. On January 22, 2025, SCE received a request from Cal Fire for data and records related to the transmission facilities in the preliminary origin area and other information. SCE is gathering the requested data and records.

Preliminary analysis of electrical data for the four energized transmission lines that run through Eaton Canyon for 12 hours prior to the reported start time of the fire shows that there were no faults on those lines until more than one hour after the reported start time of the fire. In addition, SCE has conducted a preliminary review of electrical data from January 7, 2025, for other portions of its transmission system, including certain transmission lines in the Los Angeles basin that do not traverse Eaton Canyon. Preliminary analysis shows that a fault was detected at approximately 6:11 p.m. on the Eagle Rock-Gould 220 kV line, which connects the Gould substation in La Cañada Flintridge to the Eagle Rock substation in Eagle Rock, and that SCE's system protection devices for this line operated as intended. The Gould and Eagle Rock substations are approximately five circuit miles and 12 circuit miles away, respectively, from the County's preliminary origin area, and the Eagle Rock-Gould 220 kV line does not traverse the Eaton Canyon corridor. Preliminary analysis shows that, because SCE's transmission system is networked, the fault on this geographically distant line caused a momentary and expected increase in current on SCE's transmission system, including on the four energized lines on M6T1 and M24T3. The current increase remained within the design limits and operating criteria for these circuits and, as intended, did not trigger system protection on these lines.

In connection with an article published by the *New York Times* on January 26, 2025, SCE first became aware of the existence of a surveillance video that appears to show two flashes of light in the Eaton Canyon area on the evening of January 7, 2025. SCE is reviewing the video further to assess any potential relation between the flashes shown in the video and SCE's facilities in Eaton Canyon. While our preliminary investigation uncovered no obvious damage to SCE's facilities, based in part upon this new video and statements made by plaintiffs' counsel claiming damage, we continue to assess the condition of our equipment in Eaton Canyon.

On January 25, 2025, after providing notice to the County and counsel for certain wildfire plaintiffs, SCE collected evidence from Eaton Canyon, including metal items found on the ground near the towers and items from an encampment located approximately 300 yards downhill from the towers. Collected items are being preserved in a secure location.

The transmission lines that run through Eaton Canyon are not currently energized. Counsel representing certain wildfire plaintiffs have requested that the transmission lines attached to the transmission towers be lowered for further visual inspection and remain deenergized until that can be accomplished. This is a complex request due to the challenging terrain and lack of accessibility in this area, and SCE is working cooperatively with interested parties to find a reasonable solution.

SCE has undertaken extensive work to make its system in Altadena safe and to restore power. Although no fire agency investigator has suggested that the origin of the Eaton Fire occurred anywhere outside of Eaton Canyon itself, two plaintiffs' law firms that have filed lawsuits

against SCE have nonetheless requested preservation of materials associated with SCE's distribution facilities in the residential neighborhoods adjacent to Eaton Canyon. SCE has documented and is preserving SCE equipment removed from an approximately one-square mile area west of Eaton Canyon in the area of Altadena closest to the fire investigators' preliminary area of origin, as shown in the figure below. One law firm has sought a more expansive preservation zone well beyond the one-mile radius already being preserved, and the issue is being reviewed by a Los Angeles Superior Court judge. If granted, this requirement may delay repair and clean-up efforts for those areas impacted by the windstorm and fire.



SCE's investigation and ongoing inspections of its facilities, records, potential witnesses, and other issues that could potentially shed light on causation continue. SCE will provide a further update to the Commission regarding this incident in its report pursuant to Resolution ESRB-12 and Public Utilities Code Section 315.

Sincerely,

Paul Pimentel

February 6, 2025

202500250

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
ATTN: ED PIKE, WILDFIRE SAFETY ENFORCEMENT BRANCH
500 VAN NESS AVENUE
SAN FRANCISCO CA 94102-3298

Re: Date of Incident: January 7, 2025
 Location of Incident: Near Eaton Canyon, Altadena, California

Dear Mr. Pike:

In accordance with the reporting requirements set forth in Resolution ESRB-12, this letter supplements the notice Southern California Edison Company (SCE) provided to the Commission via the web-based emergency reporting system on Thursday, January 9, 2025, at 6:09 p.m. regarding the above-referenced incident, as well as the interim update SCE submitted to the Commission on January 27, 2025. SCE is required to submit this information pursuant to Commission instructions, resolutions and the Public Utilities Code, and submits this report under Public Utilities Code Section 315.

The Eaton Fire brought immense challenges and heartbreak to our community. SCE is undertaking a careful and thorough investigation and does not know what caused the ignition of the fire. While information and data have come to light, such as videos from external parties of the fire's early stages, suggesting a possible link to SCE's equipment, SCE has not identified typical or obvious evidence that would confirm this association (e.g., broken conductors or fresh arc marks in the preliminary origin area, or evidence of faults on the energized lines running through that area). SCE understands that the government investigation into the origin and cause of the fire is ongoing and is not aware of what physical evidence government investigators have collected from the area before they released it to the public on January 16. Further investigation and evaluation of information, including information which can be obtained only through closer examination and testing of the equipment in the area of origin as well as any material recovered by government fire investigators, is ongoing and will take time.

The Eaton Fire

According to the California Department of Forestry and Fire Protection (Cal Fire), the Eaton Fire ignited in the Eaton Canyon area, east of Altadena on Tuesday, January 7, 2025, shortly after 6:00 p.m. The Eaton Fire ignited and spread under conditions of an extreme Santa Ana windstorm, with reports of blowing embers into and throughout the Altadena area. According to Cal Fire, the Eaton Fire is now 100 percent contained and burned approximately 14,021 acres.

Cal Fire also reported that there were 17 confirmed civilian fatalities and nine confirmed fire personnel injuries/illnesses attributed to the fire. According to information provided by Cal Fire, approximately 6,018 single residence structures were destroyed and 750 damaged; 3,146 other minor structures destroyed and 260 damaged; 96 multiple residences destroyed and 28 damaged; and 158 mixed commercial/residential and nonresidential commercial structures destroyed and 35 damaged. The fire also burned into and damaged SCE distribution facilities in the Altadena area, including the Fair Oaks substation.

The County Investigation Remains In Progress

SCE understands that the Los Angeles County Fire Department (County) is the lead agency investigating the origin and cause of the Eaton Fire, with support from other agencies, including Cal Fire. Their investigation remains ongoing. On January 12, 2025, SCE received a letter from the County identifying the preliminary origin area of the Eaton Fire around coordinates N34.1860422292 W118.09357612511549 in Eaton Canyon. SCE has three transmission towers in proximity to these coordinates: (1) the M6T1 structure, carrying the Eagle Rock-Mesa 220kV and Mesa-Vincent No. 2 220kV transmission lines, (2) the M24T3 structure, carrying the Mesa-Vincent No. 1 220kV and Goodrich-Gould 220kV transmission lines and (3) the M16T1 structure, carrying the Mesa-Sylmar transmission line, which is no longer in service. See map at Appendix A.

On January 16, 2025, the County informed SCE that it had released its investigation scene related to the origin and cause of the fire. The County has asked that SCE preserve in place its transmission facilities proximate to the County's preliminary area of origin but has not asked for SCE's assistance in removing any SCE facility from the field. SCE is complying with the County's request. SCE is not aware what evidence or materials the agency investigators removed from the preliminary origin site. SCE has received requests from Cal Fire and the County for the preservation and production of data and records related to its transmission facilities and other information. SCE is gathering the requested data and records.

SCE's Investigation Remains In Progress

Preliminary analysis of electrical data for the four energized transmission lines that run through Eaton Canyon for 12 hours prior to the reported start time of the fire shows that there were no faults on those lines until more than one hour after the reported start time of the fire. In addition, SCE has conducted a preliminary review of electrical data from January 7, 2025, for other portions of its transmission system, including certain transmission lines in the Los Angeles basin that do not traverse Eaton Canyon. Electrical data indicates that a fault was detected at approximately 6:11 p.m. on the Eagle Rock-Gould 220 kV line, which connects the Gould substation in La Cañada Flintridge to the Eagle Rock substation in Eagle Rock. SCE's system protection devices detected this fault and opened to isolate it. An earlier attempt to disable the automatic reclosing function was unsuccessful; therefore, it automatically tested the line to determine if the fault had cleared. As the fault had not cleared, that line locked out and was not

re-energized until it was patrolled and determined safe. SCE did not find the cause of the fault, which is not unusual in an extreme weather event.

The Gould and Eagle Rock substations are approximately five circuit miles and 12 circuit miles away, respectively, from the County's preliminary origin area, and the Eagle Rock-Gould 220 kV line does not traverse the Eaton Canyon corridor. Preliminary analysis shows that because SCE's transmission system is networked, the fault on this geographically distant line caused a momentary and expected increase in current on SCE's transmission system, including on the four energized lines on M6T1 and M24T3. The current increase remained within the design limits and operating criteria for these circuits and as intended, did not trigger system protection on these lines. See map in Appendix A.

The Mesa-Vincent No. 2 line relayed and locked out at approximately 7:17 p.m. on January 7, approximately one hour after the fire was reported. The Mesa-Vincent No. 1 and Goodrich-Gould lines, which are supported by the same towers in this area, relayed and locked out approximately three hours later at 10:35 p.m. The Eagle Rock-Mesa line relayed, tested and locked out at approximately 12:35 a.m. on January 8. The active transmission lines in Eaton Canyon and the Eagle Rock-Gould line remained de-energized until they were returned to service on January 9-10, 2025. Those lines remained energized until January 12, 2025, when SCE proactively de-energized them for a PSPS event. Given suggestions that SCE's transmission equipment may have been involved in the ignition of the Eaton Fire, SCE deenergized these lines even though the forecast wind speeds were below specified thresholds for SCE's PSPS protocols.

As the four active transmission lines in Eaton Canyon and the Eagle Rock-Gould line were again re-energized on January 19, 2025, following the January 12 PSPS de-energization, SCE assigned field observers—who are qualified electrical workers—to monitor and visually observe the lines in Eaton Canyon from a distance. They observed a small flash of white light upon each re-energization, which appeared to be in the vicinity of the M24T3 structure, carrying the Mesa-Vincent No. 1 220kV and Goodrich-Gould 220kV transmission lines and the M16T1 structure, carrying the Mesa-Sylmar transmission line. The field observers viewed the lines for a reasonable period of time after re-energization and observed no further flashes or safety concerns with the lines. However, due to recent events and out of abundance of caution, following the re-energizations, on January 20, 2025, SCE conducted thermal scans of the towers and connection points using drones and did not detect any hotspots on the energized or the idle transmission tower while the lines were energized. Subsequently, on January 20, 2025, the four lines in Eaton Canyon were again proactively de-energized due to an impending wind event and have remained de-energized since that time in light of requests from interested parties to inspect the lines and facilities, as detailed further below.

In connection with an article published by the *New York Times* on January 26, 2025, SCE first became aware of the existence of a copy of a surveillance video that appears to show two flashes of light in the Eaton Canyon area on the evening of January 7, 2025, which SCE provided to the

County investigator, who had not received it. SCE subsequently obtained what it understands to be the native copy of that video on January 30, 2025, and immediately provided it to the County investigator, who had not yet received it. SCE is reviewing the video further to assess any potential relation between the flashes shown in the video and SCE's facilities in Eaton Canyon. Based in part upon this video and statements made by plaintiffs' counsel alleging damage to SCE's equipment, SCE continues to assess the condition of our equipment in Eaton Canyon and to compare the current condition with pre-fire inspection photographs. A comparison between pre-fire and post-fire photos of the M16T1 structure does not show obvious signs of arcing or material changes in the condition of the tower, including the condition of a grounding paddle near the top of the tower. SCE also has not identified obvious signs of arcing on the grounding cable at the base of the tower. SCE will learn more once it can examine the equipment related to the M16T1 structure more closely, including in a laboratory setting. With respect to the tower at the northwest end of the idle Mesa-Sylmar line, which is located near the Gould substation and approximately five circuit miles from the preliminary origin area, pre- and post-fire photos show signs of potential arcing and other damage on the grounding equipment for two of the three idle conductors. SCE does not know when this damage occurred and a comparison between pre- and post-fire photographs is underway. SCE continues to assess these facilities, including any potential relation to the cause of the fire.

SCE maintains transmission facilities in accordance with its Transmission Inspection and Maintenance Program and its filed Wildfire Mitigation Plan (for lines located in HFRA), which include comprehensive processes and standards that design, operate, inspect, and repair its equipment. SCE is conducting a review of its inspection and maintenance records related to its transmission facilities in Eaton Canyon. The four energized transmission lines were subject to numerous inspections in recent years. Each of the lines was patrolled annually from 2020-2024 and the most recent detailed inspection reviews for the M6T1 and M24T3 structures were performed in 2024. The idle line was also patrolled annually from 2020-2024 and the most recent detailed inspection review of the M16T1 structure was performed in 2024.

SCE continues its investigation and ongoing inspections of its facilities, records, potential witnesses, information from third parties and other issues that could potentially shed light on causation. SCE is evaluating a number of potential causes, including whether the idle Mesa-Sylmar transmission line could have become energized (e.g., through induction) and the extent to which that line or its grounding¹ could be related to the cause of the fire. The review is complex because it is focused on potential causes that are rare and not those more typically observed in connection with ignitions associated with energized facilities, such as faults on the line where the

¹ While SCE's investigation remains ongoing, SCE has taken immediate steps to further strengthen and standardize its grounding practices with respect to idle lines, including updating SCE's Transmission Operations and Maintenance Policies and Procedures (TOM).

ignition occurred, vegetation that comes in contact with lines or readily observable equipment failures. SCE is also investigating human activity near the County's preliminary area of origin.

Evidence Preservation

On January 25, 2025, after providing notice to the County and counsel for certain wildfire plaintiffs, SCE collected evidence from Eaton Canyon, including metal items found on the ground near the towers and items from an encampment located approximately 300 yards downhill from the towers. These items were recovered after the County released the area, and the metal items found on the ground near the towers appear to be unrelated to the ignition but will require further review. Collected items are being preserved in a secure location.

The transmission lines that run through Eaton Canyon are not currently energized and SCE currently is preserving them in place. Counsel representing certain plaintiffs have requested that the transmission lines attached to the transmission towers be lowered for further visual inspection and remain de-energized until that can be accomplished. Taking down the lines for examination is a complex request due to the challenging terrain, the lack of accessibility in this area, and the potential that this activity could damage the facilities. SCE is working cooperatively with interested parties to find a reasonable solution and will notify SED prior to undertaking any such activity for your awareness and participation. Performing in situ testing of the subject equipment in the field, and/or taking down the lines and related equipment for further inspection and testing is a critical next step in the investigation, as this will provide additional information that is not currently available with the lines in their existing location and configuration.

SCE has undertaken extensive work to make its distribution system in Altadena safe and to restore power. Although no fire agency investigator has suggested that the origin of the Eaton Fire occurred anywhere outside of Eaton Canyon itself, some law firms that have filed lawsuits against SCE have nonetheless requested preservation of materials associated with SCE's distribution facilities in the residential neighborhoods adjacent to Eaton Canyon. SCE has documented and is preserving SCE equipment removed from an approximately one-square mile area west of Eaton Canyon in the area of Altadena closest to the fire investigators' preliminary area of origin, as shown in the figure below.



One law firm sought a court order requiring SCE to expand its documentation and preservation of damaged or downed distribution equipment to all of Altadena. The Los Angeles Superior Court did not grant that request. That firm subsequently narrowed its request to equipment along distribution lines in Altadena where faults occurred for an eight-hour period prior to 6:11 p.m. on January 7, which is approximately the time that the Eaton Fire was first reported, and the court did not grant that request. At present, no plaintiff-side law firm or media report has made SCE aware of any specific, credible information that SCE's distribution equipment in Altadena was involved in any ignition on January 7. While a further hearing on evidence preservation is set for February 18, 2025, SCE is working with plaintiff-side law firms to resolve any outstanding issues over the scope of equipment that SCE will preserve. Requiring SCE to preserve additional areas in Altadena may delay repair and clean-up efforts for those areas impacted by the windstorm and fire.

Sincerely,


Paul Pimentel

Appendix A

The Following information regarding this incident has been reported:

Reporting Date: 1/10/2025 5:26:05 PM

Incident Date: 1/7/2025 @ 10:10 p.m.

Reported By: Paul C. Pimentel, Principal Manager

Utility Name: Southern California Edison Company

Phone Number: (626)302-5830

Email Address: paul.pimentel@sce.com

Incident Location: Near Yarnell north of 210 Freeway Sylmar, Los Angeles County

Reasons For Reporting:

- Fatalities? No (Utility: , Others:)
- Names of Fatalities:
- Injuries? (Utility: , Others:)
- Names of Injured:
- Damage? No (Utility: , Others:)
- Interruption? (Total Customers: , Total Hours:)
- Operator Judgement? No
- Media Coverage? Yes

Cause of Incident: Unknown (Other Cause:)

Agencies on Scene:

Facilities Affected:

- Utilities Facilities: Eagle Rock - Sylmar
- Voltage (KV): 220
- Customer's Facilities:

DigIn Information:

- Excavator Name:
- Contact:
- Phone: (____)____-____

Incident Recovery:

- On Scene Date & Time: @ 00:00 a.m.
- Service Restored: @ 00:00 a.m.

Summary: SCE submits this report because it meets new reporting criteria established by the Commission in late 2024 that require the reporting of an incident that prompts a government entity to investigate whether the infrastructure owned or operated by the utility caused a wildfire. The fire has also received significant media attention, which is also one of the reporting criteria. The Hurst Fire is a brush fire reported in the Sylmar area at

approximately 10:10 p.m. on January 7, 2025. Preliminary information reflects the Eagle Rock - Sylmar 220 kV circuit experienced a relay at 10:11 p.m. A downed conductor was discovered at a tower associated with the Eagle Rock - Sylmar 220 kV circuit, but SCE does not know whether the damage observed occurred before or after the start of the fire. SCE understands that fire agencies are investigating whether SCE equipment was involved in the ignition of the Hurst Fire. The investigation is ongoing.

February 6, 2025

202500247

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
ATTN: MIHAIL CUCU - WILDFIRE SAFETY ENFORCEMENT BRANCH
500 VAN NESS AVENUE
SAN FRANCISCO CA 94102-3298

Re: Date of Incident: January 7, 2025
 Location of Incident: Near Saddle Ridge Road, Sylmar, California

Dear Mr. Cucu:

In accordance with the reporting requirements set forth in Resolution ESRB-12, this letter supplements the notice Southern California Edison Company (SCE) provided to the Commission via the web-based emergency reporting system on January 10, 2025, at 5:26 p.m. regarding the above-referenced incident. SCE is required to submit this information pursuant to Commission instructions, resolutions and the Public Utilities Code, and submits this report under Public Utilities Code Section 315.

On Tuesday, January 7, 2025, at 10:10 p.m., under conditions of an extreme Santa Ana windstorm, a wildland fire named the Hurst Fire was reported in the Sylmar area. The Los Angeles Fire Department (“LAFD”) is investigating the fire and has suggested SCE’s equipment caused the Hurst Fire. The Hurst Fire burned approximately 799 acres and was fully contained on January 16, 2025.

LAFD reported that the fire appeared to have originated in an area north of Saddle Ridge Road. SCE has a transmission tower in that area (Tower 6). Tower 6 supports the Gould-Sylmar 220kV and Eagle Rock-Sylmar 220kV circuits. At Tower 6 on the Eagle Rock-Sylmar 220kV circuit, hardware supporting the insulator string for the top phase bundled conductors separated and caused the top phase to fall on the middle phase resulting in both falling to the ground at the base of Tower 6. This resulted in a relay operation and a lock-out on the Eagle Rock-Sylmar 220kV circuit at 10:11 p.m. on January 7, 2025.

The repairs consisted of replacing all three insulator strings and hardware, including the damaged one, on the Eagle Rock-Sylmar 220kV circuit at Tower 6, replacing all three insulator strings and hardware on the adjacent Tower 1, three (3) bundled conductor phases from dead end Tower 5 to dead end Tower 2, approximately 18,000 feet of 1590 MCM ACSR, telecom facilities and a section of skyline attached on the tower line. SCE is retaining this material as incident-related evidence.

The cause of the fire remains under investigation, and SCE will continue to cooperate with fire investigators. Absent additional evidence, SCE believes its equipment may be associated with the ignition of the Hurst Fire.

The Hurst Fire burned approximately 799 acres and was fully contained on January 16, 2025. No structures were destroyed and 2 homes sustained damage in the fire. There were no reports of fatalities or injuries. The damage to SCE facilities has not yet been tabulated.

Sincerely,



Paul Pimentel

**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)¹ 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;²

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:

¹ AB 1054 was subsequently amended by AB 1513 (Holden, Chapter 396, Statutes of 2019).

² 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.

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.

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, the Council shall deliberate on and adopt policy directions for the administration of the Wildfire Fund.
3. Review, adopt, and revise, as necessary, an annual budget for the administration of the Wildfire Fund.
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, 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, regarding the formation, administration, and disposition of the Wildfire Fund, and review, adopt, and file such reports with the Legislature and the Department of Finance.

ARTICLE III

Duties and Responsibilities of the Wildfire Fund Administrator

In the administration of the Wildfire Fund, 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.

2. With respect to matters that are not otherwise dictated by the 2019 Wildfire Legislation, present to the Council proposed policy directions for the administration of the Wildfire Fund.
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.
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), 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.
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.
8. Enter into contracts and other obligations relating to the operation, management, and administration of the Wildfire Fund.
9. Optimize the risk and return profile of the Wildfire Fund, including investing the moneys in the Wildfire Fund, 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 to maximize the durability and claims paying resource of the fund. 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, 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 assets.
13. Manage the Wildfire Fund 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 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, all annual Plan of Operations, all amendments to the Wildfire Fund’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, including any proceeding related to the potential reimbursement of moneys paid from the Wildfire Fund 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.
18. Take any other actions reasonable and necessary to administer the Wildfire Fund in a manner consistent with the policy directives as approved by the Council.

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.

Nov 13, 2020

Date



[Mark Ghilarducci \(Nov 13, 2020 10:45 PST\)](#)

Mark Ghilarducci, Chair
California Catastrophe Response Council

Approved as to form:

Nov 10, 2020

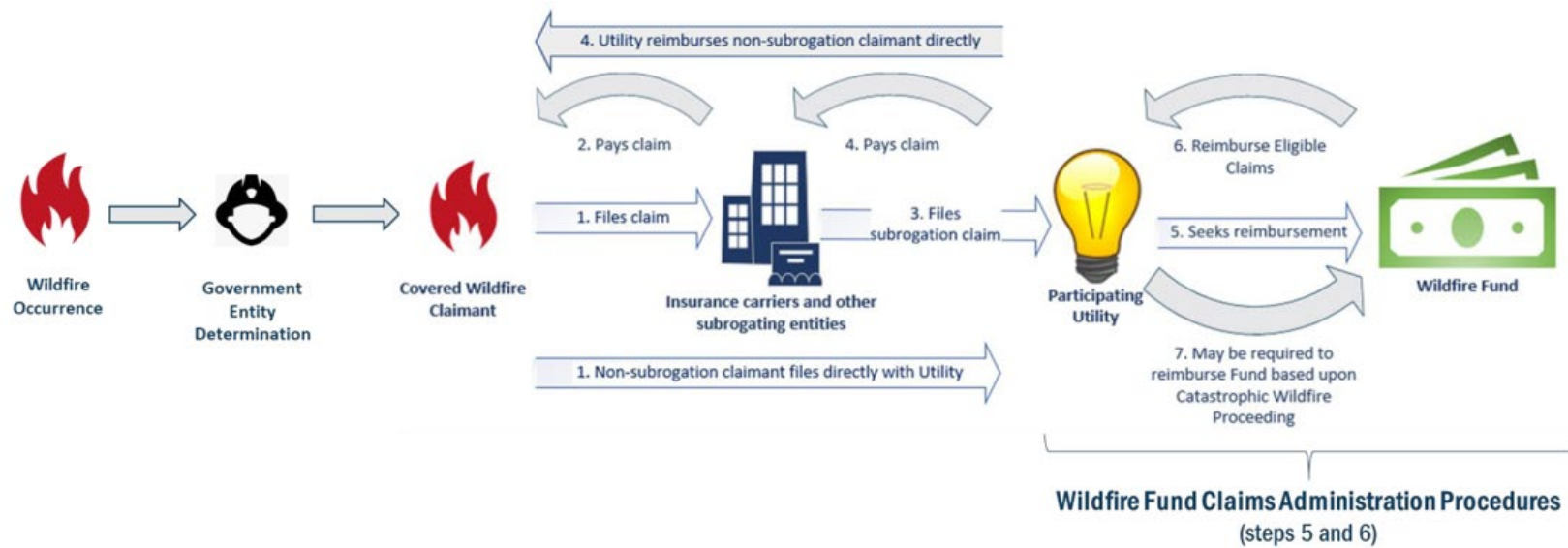
Date



Tom Welsh

General Counsel
California Earthquake Authority,
as Wildfire Fund Administrator

Summary of Wildfire Fund Claims Administration Process





California Catastrophe Response Council Memorandum

February 13, 2025

Agenda Item 4: Claims Administration Update

Recommended Action: Information only

Background

The California Catastrophe Response Council (Council) adopted amendments to the *Wildfire Fund Claims Administration Procedures (Procedures)* on May 4, 2023. It also authorized the Administrator to make periodic non-discretionary, conforming changes to the *Procedures* as necessary to ensure that the *Procedures* conform to any statutory amendments that may be enacted in the future. The Administrator entered into an agreement with Sedgwick Claims Management Services, Inc. (Sedgwick) effective as of January 24, 2022, to provide claims review services for the Wildfire Fund.

These actions are in keeping with Public Utilities Code section 3284(g), which requires that the Administrator prepare and seek Council approval for written procedures for the review, approval, and timely funding of eligible claims. The Council's adoption of the *Procedures* is also in keeping with the Articles of Governance, in which the Administrator is authorized to operate the Wildfire Fund within the framework established by law and in accordance with the *Procedures* approved by the Council.

Wildfire Monitoring and Notification

The Administrator continues to monitor and report to the Council on active wildfires as well as the status of potentially Covered Wildfires in the 2019 through 2025 coverage years. In particular, the Administrator is tracking the reported losses for four major fires—the October 2019 Kincade Fire, September 2020 Zogg Fire, July 2021 Dixie Fire, and September 2022 Mosquito Fire. PG&E's 10-Q report to the SEC for the quarterly period ending September 30, 2024, reports aggregate liabilities of \$1.2 billion, \$400 million, \$1.875 billion and \$100 million for the 2019 Kincade Fire, 2020 Zogg Fire, 2021 Dixie Fire and 2022 Mosquito Fire, respectively. Of these, PG&E has recorded a potential recovery of



\$875 million from the Fund for the 2021 Dixie Fire. There are no known fires that would impact the fund for calendar year 2023, or calendar 2024.

On January 16, 2025, PG&E sent notification to the CEA that the utility has paid more than \$750M in the aggregate for third-party claims resulting from the 2019 Kincade Fire that burned in Sonoma County, California. This notification satisfies the reporting requirement outlined by the *Procedures*. It is worth noting that because PG&E was the subject of an insolvency proceeding at the time of the ignition of the Kincade Fire and had not yet emerged from bankruptcy, the Fund will not pay more than 40 percent of the allowed amount of a claim arising from the Kincade Fire.

The Administrator is monitoring the wildfires that started in January 2025 in Southern California. One of the larger fires, the Eaton Fire, started in the servicing territory of Southern California Edison (SCE), a participating electrical corporation of the Fund. According to the California Department of Forestry and Fire Protection, the fire burned 14,000 acres, resulted in 17 fatalities, and destroyed over 9,400 structures. The cause of the Eaton fire is under investigation. The Administrator is also monitoring the Hurst Fire, which also started in SCE's service area, and burned 800 acres. The Administrator will continue to monitor and will keep the Council informed of any updates.

Electrical utilities are required to report to the California Public Utilities Commission incidents that meet one of the following conditions:

- result in fatality or personal injury rising to the level of in-patient hospitalization and are attributable or allegedly attributable to utility owned facilities; or
- are the subject of significant public attention or media coverage and are attributable or allegedly attributable to utility facilities; or
- involve damage to property of the utility or others estimated to exceed \$50,000.

As such, Southern California Edison has filed the required reports as outlined above for the Eaton fire, which impacted the Altadena/Pasadena area, and the Hurst fire, which impacted the Sylmar area. SCE reports that they are investigating whether SCE equipment was involved in the ignition of either of those fires.

Dixie Fire Threshold and Eligible Claims Administration Process

PG&E has been working with Sedgwick to provide detailed claims data and claims documentation for Dixie fire claims through a multi-variable claims data template and a



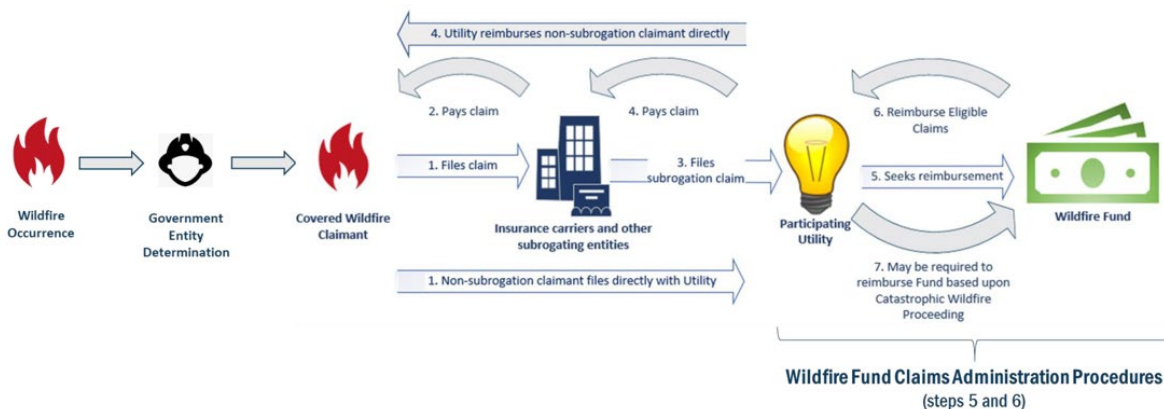
secure data portal for Subrogation Claims, the Direct Payment for Community Recovery process, public entities, timber companies, and individual claims. The data and documentation provided by PG&E has been validated and Sedgwick has been reviewing a sample of claims that have been settled by PG&E.

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 mid-June 2024.

Based on the Threshold Claim review, and a review of Eligible Claims paid in June and July of 2024, Sedgwick has determined that all claims meet the criteria for Reasonable Business Judgement. CEA notified PG&E that the Threshold Claim review was complete on September 18, 2024. Reviews of “Eligible Claims” are currently underway and reimbursement payments have been made to PG&E for Eligible Claims paid as follows:

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
Total	\$257,118,507

Sedgwick will continue to review Eligible Claims in accordance with the *Procedures* for reimbursement as outlined in Steps 5 and 6 below.





Next Steps

CEA staff will report on the status of work by the claims review services provider, wildfire monitoring, investor-owned utility's progress on wildfire mitigation, and the execution of other elements of the *Procedures* during this Council meeting.



California Catastrophe Response Council Memorandum

February 13, 2025

Agenda Item 5: Enterprise Risk Management Program

Recommended Action: Information only

Risk Reporting

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

Risk Name	Description	Inherent Risk Score	Control Effectiveness	Residual Risk Score
Wildfire Modeling	Distorted or incorrect view of Wildfire Fund durability due to invalid, inaccurate, or outdated methods or assumptions in external or internal wildfire models	● High	● Strong	● Medium
Workforce	Adverse impacts to the administration of the Wildfire Fund that occur due to a workforce issue or constraint at CEA	● Medium	● Strong	● Low
Mitigation	Durability of the Wildfire Fund is dependent on successful mitigation activities which are outside the direct control of CEA as the Wildfire Fund Administrator but that must be monitored	● Medium	● Medium	● Medium
Risk Transfer	Reasonably priced risk transfer products for wildfire cover are not available when needed	● Medium	● Strong	● Low
Reputation	Public's loss of confidence in CEA as Administrator of the Wildfire Fund or loss of	● High	● Strong	● Medium

Risk Name	Description	Inherent Risk Score	Control Effectiveness	Residual Risk Score
	confidence in the ability of the Wildfire Fund to meet its objectives			
Legislative/ Regulatory	Legislative, regulatory, or political actions that materially change the Wildfire Fund Administrator and/or Council’s ability to fulfill its current obligations or mission	● Medium	● Strong	● Low
Legal	Harm to the Wildfire Fund resulting from (a) disputes with third parties, (b) regulatory/legislative enforcement actions, and/or (c) compliance lapses	● Medium	● Strong	● Low
Investments	Losses to the Wildfire Fund due to failure to adhere to established investment guidelines and/or performance objectives not achieved	● Medium	● Strong	● Low
Information Security	Losses due to unauthorized access, use, disclosure, disruption, modification, inspection, recording or destruction of information and/or accessibility of IT systems	● Medium	● Strong	● Low
Financial Reporting	Inaccurate financial accounting or reporting or inadequate controls that result in a material error in published financial statements	● Medium	● Strong	● Low
Claims Management	Issues, conflicts, or delays arising from or associated with IOU claims management	● Medium	● Medium	● Medium
Business Continuity	Loss of business systems causing limited or delayed continuity of the California Wildfire Fund essential business functions	● Medium	● Medium	● Medium



Legislative Efforts

CEA monitors all budget and legislative matters, on an ongoing basis, that have the potential to impact either the Wildfire Fund or the Council.

Mitigation¹

In December 2024, the Office of Energy Infrastructure Safety (Energy Safety) issued certifications to Pacific Gas and Electric (PG&E), San Diego Gas and Electric (SDG&E), and Southern California Edison (SCE). Each received a safety certification that will remain in effect for 12 months.

The safety certification validates that a utility has documented completion of statutory actions related to investments in safety but does not constitute an affirmation by Energy Safety that a utility has taken all possible steps to prevent its equipment from causing wildfires.

In January 2025, Energy Safety released its revised draft of the 2026-2028 Wildfire Mitigation Plan Guidelines and is soliciting public comment.

IT Systems and Data Security

CEA is in the process of attaining its first SOC 2, Type II certification which provides attestation from an external auditor of having operationally effective security and privacy controls over a specific time period. As a first step to earning the Type II certification, CEA had to earn Type I certification, which evaluates whether the design of the security and privacy controls is sufficient; SOC 2, Type I certification was attained as of June 30, 2024. The SOC 2, Type II testing period was July 1 through December 31, 2024, and CEA is currently completing Audit testing for that period.

In addition, staff has already begun to work on CEA's cyber insurance renewal strategy for the 2025-2026 time period.

¹ Energy Safety information can be found on its website at [Energy Safety News and Updates \(https://energysafety.ca.gov/news/2024/03/19/energy-safety-issues-annual-report-on-compliance-for-sdges-approved-2021-wildfire-mitigation-plan-update/\)](https://energysafety.ca.gov/news/2024/03/19/energy-safety-issues-annual-report-on-compliance-for-sdges-approved-2021-wildfire-mitigation-plan-update/).



Risk and Compliance Committee

The Risk and Compliance (RCC) team actively promotes policy adherence by collaborating with departments to update, enhance, and implement strong policies. They also ensure that staff members read the assigned policies and complete their annual ethics training.

The RCC was assigned the responsibility of overseeing and developing an Internal Audit Program. The initial Internal Audit of the Procurement Policy and Guide has been completed, and the RCC will now review the report and discuss the recommended action items.



California Catastrophe Response Council Memorandum

February 13, 2025

Agenda Item 6: Financial Report

Recommended Action: Information only.

CEA Chief Financial Officer Tom Hanzel will provide the California Catastrophe Response Council with a financial report on the Wildfire Fund as of December 31, 2024, and 2023.



FINANCIAL REPORT

December 31, 2024

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Financial Statements

**California Wildfire Fund
Balance Sheets**

UNAUDITED

	December 31, 2024	December 31, 2023
Assets		
Cash and investments:		
Cash and cash equivalents	\$ 478,679,326	\$ 357,485,746
Investments	<u>12,379,364,117</u>	<u>11,055,244,876</u>
Total cash and investments	12,858,043,443	11,412,730,622
Interest receivable	90,049,130	66,072,913
Securities receivable	<u>-</u>	<u>26,875,400</u>
Total assets	\$ 12,948,092,573	\$ 11,505,678,935
Liabilities and Net Position		
Loss and loss adjustment expense reserves	\$ 706,321,294	\$ 600,000,000
Securities payable	74,793,715	-
Accounts payable and accrued expenses	1,629,100	1,496,747
Related party payable - CEA	<u>222,773</u>	<u>203,674</u>
Total liabilities	<u>782,966,882</u>	<u>601,700,421</u>
Net position:		
Restricted for CWF	<u>12,165,125,691</u>	<u>10,903,978,514</u>
Total net position	<u>12,165,125,691</u>	<u>10,903,978,514</u>
Total liabilities and net position	<u><u>\$ 12,948,092,573</u></u>	<u><u>\$ 11,505,678,935</u></u>

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

UNAUDITED

	Year Ended December 31, 2024	Year Ended December 31, 2023
Additions to fund assets:		
Rate payer monthly NBCs	\$ 889,304,019	\$ 888,460,672
Utility contributions	300,000,000	300,000,000
	1,189,304,019	1,188,460,672
Investment income & expenses	324,055,995	210,887,685
Change in unrealized gain/(loss)	25,508,584	275,315,356
	349,564,579	486,203,041
Total additions to fund assets	1,538,868,598	1,674,663,713
Deductions to fund assets:		
Losses and loss adjustment expenses	275,000,000	600,000,000
SMIF loan principal payments	-	250,000,000
SMIF loan interest expense	-	1,093,878
General and administrative expenses	2,384,964	1,825,625
Personnel expenses	336,457	370,028
	277,721,421	853,289,531
Increase/(decrease) in net position	1,261,147,177	821,374,182
Net position, beginning of year	10,903,978,514	10,082,604,332
Net position, end of year	\$ 12,165,125,691	\$ 10,903,978,514

California Wildfire Fund
Cost Allocation Methodology and Calculation for the Year Ended December 31, 2024 and 2023
12/31/2024

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 Years Ended December 31, 2024 and 2023.

Department	Year Ended Dec'24		Year Ended Dec'23		CWF Salary & Benefit costs =	Dec'24	Dec'23
	Hours	Salaries & Benefits	Hours	Salaries & Benefits		A	B
1. Comms	319.8	24,899	145.8	13,364		318,099	338,583
2. Exec	127.8	32,189	162.5	45,224		26,340,222	24,534,606
3. Finance	1,024.5	117,179	991.8	124,162		26,658,320	24,873,189
4. IT	-	-	3.0	323			
5. Internal Ops	129.3	12,099	-	-	Allocation % =	1.19% = A/C	1.36%
6. Insurance Ops	202.5	40,386	254.0	51,960			
7. Legal	752.1	91,347	886.7	103,550			
Total Direct Hours/Costs	2,555.8	318,099	2,443.8	338,583			

All other indirect costs were allocated to the CWF based on the 1.19% and 1.36% allocations noted above. The following indirect expenses were charged to the CWF:

Account Name	Acct #	Amount	Amount
Rent-Office and Parking	86400-16	7,897	17,331
Rent-Office Equip/Furniture	86450-16	204	294
Building Maintenance and Repairs	86475-16	93	51
Furniture/Equipment <\$5000	86500-16	97	55
EDP Hardware <5000	86505-16	5,295	7,532
EDP Software <5000	86506-16	28,557	40,670
Office Supplies	86510-16	221	389
Postage	86530-16	61	9
HR and IT staff allocation	85101-16	26,246	29,142
GASB 68 Pension Expense	85141-16	(7,888)	2,303
Telecommunications	86550-16	4,333	5,067
Insurance Expense	86600-16	8,410	10,162
Other Administration Services	88175-16	795	922
Direct Investment Technology Support	89805-16	504,660	427,872
Total Indirect Costs		578,981	541,799
Total Costs		897,080	880,382

Contributions & NBCs Received

**California Wildfire Fund
Contributions & NBCs Received
As of December 31, 2024**

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
Total IOU Contributions		9,300,000,000
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 **
Total SMIF Loan Activity & NBCs Received		3,769,434,469
Total Funds Received & Reimbursed		<u><u>\$ 13,069,434,469</u></u>

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

** _ NBC funds received by CWF in 2024 are net of DWR administrative and operating expenses of \$5.9mm. The \$5.9mm is made up of \$4.2mm of DWR A&O expenses paid from Jan'24 through Dec'24 and \$1.7mm of funds retained in the DWR Charge Fund to pay future A&O expenses.

Investment Analysis

**California Wildfire Fund
CWF Portfolio Overview
12/31/2024**

December 31, 2024

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

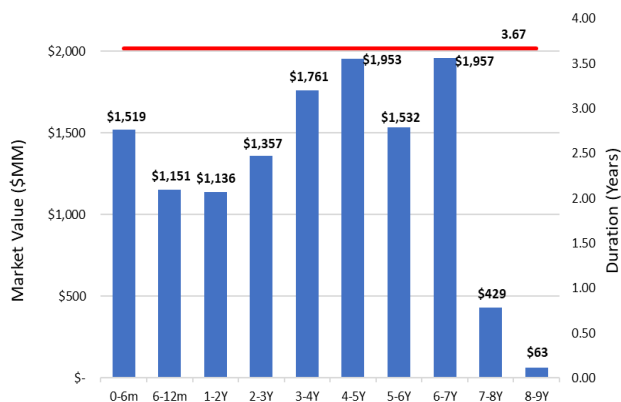
CWF Investment Portfolio as of December 31, 2024				
Sector	Value (\$MM)	% of Portfolio	Avg Credit Rating	Duration (Yrs)
U.S. Treasury	\$ 7,033	56.4%	AA+	3.94
U.S. Agency & Supranational	1,117	9.3%	AA+	2.40
Corporates	4,260	33.7%	A+	3.70
U.S. TSY MMF	448	0.6%	AAA	0.00
Total	\$ 12,858	100.0%	AA	3.69

December 31, 2023

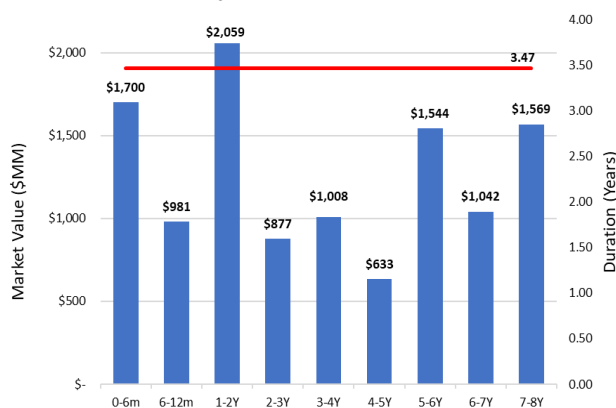
The CWF's total portfolio market value for December 2023 was \$11.41 billion with an average duration of 3.47 years and average credit ratings of "AA".

CWF Investment Portfolio as of December 31, 2023				
Sector	Value (\$MM)	% of Portfolio	Avg Credit Rating	Duration (Yrs)
U.S. Treasury	\$ 6,079	53.3%	AA+	3.18
U.S. Agency & Supranational	1,182	10.4%	AA+	3.09
Corporates	3,819	33.5%	A+	4.38
U.S. TSY MMF	333	2.8%	AAA	0.00
Total	\$ 11,413	100.0%	AA	3.47

CWF Maturity Distribution: December 31, 2024



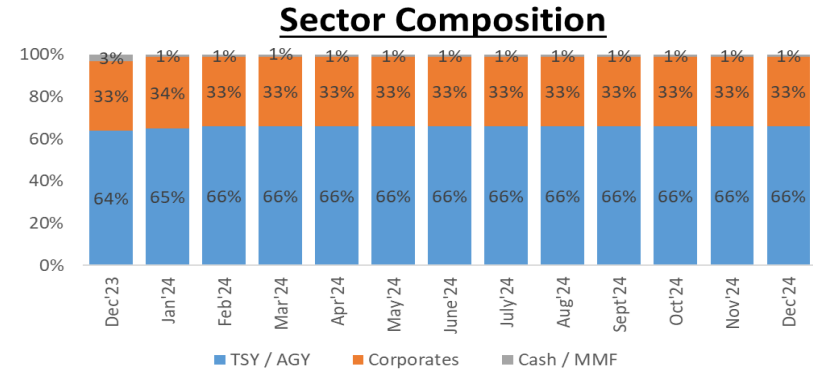
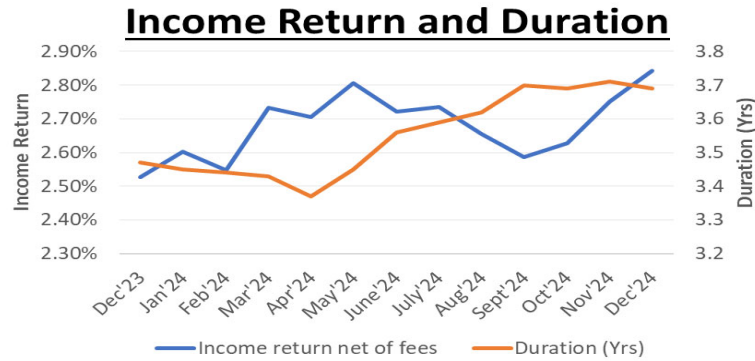
CWF Maturity Distribution: December 31, 2023



**California Wildfire Fund
CWF Portfolio 12-Month History
12/31/2024**

CWF Investment Portfolio Overview													
	Dec'23	Jan'24	Feb'24	Mar'24	Apr'24	May'24	June'24	July'24	Aug'24	Sept'24	Oct'24	Nov'24	Dec'24
Total Portfolio													
Market Value - Cash & Investments (\$MM)	\$11,413	\$11,553	\$11,537	\$11,617	\$11,584	\$11,791	\$11,866	\$12,199	\$12,307	\$12,597	\$12,497	\$12,550	\$12,858
Investment income (\$MM) *	23.82	25.27	24.88	26.73	26.72	27.72	27.14	27.73	27.51	27.23	27.88	29.12	30.72
Change in unrealized gain/(loss) (\$MM)	209.81	1.90	(122.45)	43.02	(159.02)	96.83	65.89	187.32	105.18	100.49	(230.33)	51.25	(114.58)
Investment management fees and bank fees (\$MM)	0.36	0.37	0.37	0.37	0.36	0.38	0.37	0.38	0.39	0.41	0.41	0.41	0.39
fees as a % of average AUM	0.0032%	0.0032%	0.0032%	0.0032%	0.0031%	0.0033%	0.0032%	0.0033%	0.0032%	0.0033%	0.0033%	0.0033%	0.0032%
Income return gross of fees	2.57%	2.64%	2.59%	2.77%	2.74%	2.85%	2.76%	2.77%	2.69%	2.62%	2.67%	2.79%	2.88%
Income return net of fees	2.53%	2.60%	2.55%	2.73%	2.71%	2.81%	2.72%	2.73%	2.66%	2.59%	2.63%	2.75%	2.84%
Yield to Maturity	4.31%	4.49%	4.79%	4.71%	5.08%	4.89%	4.76%	4.44%	4.08%	3.93%	4.39%	4.31%	4.56%
Duration (Yrs)	3.47	3.45	3.44	3.43	3.37	3.45	3.56	3.59	3.62	3.70	3.69	3.71	3.69
Portfolio Composition (%)													
TSY / AGY	64%	65%	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%
Corporates	33%	34%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
Cash / MMF	3%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%

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





California Catastrophe Response Council Memorandum

February 13, 2025

Agenda Item 7: 2025 CWF Proposed Budget

Recommended Action: Approve the Proposed CWF 2025 Budget and Direct Staff to Operate CWF Business Operations within the Total Approved Budget Amounts

Background:

Since inception, CEA has been able to utilize its existing resources to undertake and perform all its Administrator responsibilities and has avoided adding permanent staffing. This is the fifth submission of an annual CWF budget to the California Catastrophe Response Council ("CCRC") for approval. The staff of the CEA will perform the following procedures on the final Council approved budget for fiscal year 2025¹:

- After each month-end close, the staff of the CEA will compare actual additions and deductions to budgeted additions and deductions, document variances and send the comparisons to the Controller and CFO for approval.
- In mid-August 2025, the finance budget team will update the consolidated budget projections with the most recent data provided from the departments' monthly projection schedules. After the mid-year budget revision is approved by the CFO, the finance budget team will prepare the mid-year budget revision Council memo and supporting documents. All budget augmentations (increases) must be approved by the CCRC. If the mid-year budget revision does not increase the total budget, the budget revision will be presented to the Council without a request for approval.
- At each CCRC meeting, the staff of the CEA will present the budget to actual comparisons for each of the line items included in the Council approved budget.

¹ The CWF fiscal year is the calendar year.



Analysis:

Staff have prepared Attachment A to assist the CCRC in comparing and analyzing the proposed 2025 budget for the Wildfire Fund. This attachment shows the following:

- Proposed 2025 CWF Budget
- Actual activity for CWF for the Year Ended 2024
- Difference between the 2025 CWF proposed budget to the actual activity for the year ended December 31, 2024
- 2024 CCRC approved budget

Recommendation:

Staff recommends the following CCRC actions:

- Approve the proposed 2025 CWF budget; and
- Direct staff to operate CWF business operations within the total approved budget amounts.

California Wildfire Fund
2025 Proposed Budget vs 2024 Actual Activity

	A	B	A - B	
	Proposed 2025 Budget	Actual Activity for the Year Ended December 31, 2024	Difference	Approved 2024 Budget
Additions to fund assets:				
Rate payer monthly NBCs, net	\$ 920,615,301 *	\$ 889,304,019	\$ 31,311,282	\$ 885,433,005
Utility annual contributions	300,000,000	300,000,000	-	300,000,000
Investment income (net of expenses)	414,690,648	324,055,995	90,634,653	299,161,518
Total additions to fund assets	\$ 1,635,305,949	\$ 1,513,360,014	\$ 121,945,935	\$ 1,484,594,523
Deductions to fund assets:				
Wildfire paid claims	\$ 611,469,400 **	\$ 168,678,706	\$ 442,790,694	\$ 350,000,000
<i>Personnel expenses:</i>				
Personnel expenses - allocated from CEA	438,625	336,457	102,168	469,600
<i>General and administrative expenses:</i>				
Other contracted services	1,040,000	1,180,603	(140,603)	2,493,275
Direct legal services-general	47,500	63,595	(16,095)	150,000
Financial services consulting	306,940	291,461	15,479	303,258
Bank fees	299,763	273,681	26,082	274,610
G&A expenses - allocated from CEA	630,614	560,623	69,991	592,381
Travel	16,500	-	16,500	16,320
Software and licenses	900	708	192	900
Direct IT services	1,000	-	1,000	1,000
Audit Fees	4,000	4,000	-	4,000
Printing & stationary	500	-	500	500
RFQ for Investment Managers & Financial Advisor	-	6,585	(6,585)	10,000
Governing board meeting expenses	3,750	3,708	42	2,100
<i>Total general and administrative expenses</i>	<i>2,351,467</i>	<i>2,384,964</i>	<i>(33,497)</i>	<i>3,848,344</i>
Total deductions to fund assets	\$ 614,259,492	\$ 171,400,127	\$ 442,859,365	\$ 354,317,944
<i>Change in unrealized gain/(loss)</i>	<i>-</i> ***	<i>25,508,584</i>	<i>(25,508,584)</i>	<i>-</i>
Increase/(decrease) in net position	\$ 1,021,046,457	\$ 1,367,468,471	\$ (346,422,014)	\$ 1,130,276,579

* _ Budgeted NBC funds to be received by CWF in 2025 are net of \$5.4mm of DWR administrative and operating expenses.

** _ Based on PG&E reporting, CEA reserved a total balance of \$875mm related to the Dixie Fire. CEA began paying claims in Sept'24 and the total claims paid in 2024 = \$168,678,706.

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



California Catastrophe Response Council Memorandum

February 13, 2025

Agenda Item 8: Administrator Evaluation

Recommended Action: Appoint Council Member to Review 2024 Wildfire Fund Evaluation Form

Mr. Welsh will ask one member of the Council to volunteer to work with CEA staff on the review of the 2024 Wildfire Fund Evaluation Form to be distributed to members to assess CEA’s performance during 2024. For reference purposes, the following table lists the Council members who have volunteered to participate in the review process in prior performance periods.

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