Wildfire Crisis Working Group

Update to Caucus

8.21.2026

AGENDA

1) Why Act Now

2) Assembly Goals

3) Four Pillars of Proposal
   i. Wildfire Fund Durability
   ii. Fair Plan & Insurance Market Reforms
   iii. Utility Affordability & Accountability
   iv. Community Wildfire Mitigation

ASSEMBLY PRIORITIES

Victims First

Hold Utilities Accountable

Invest in Prevention

Stabilize Costs for Californians

FOUR PILLARS OF THE PROPOSAL

1) Wildfire Fund Durability

2) Fair Plan & Insurance Market Reforms

3) Utility Affordability & Accountability

4) Community Wildfire Mitigation

WILDFIRE FUND DURABILITY

Fast & Fair Pay Program

- Pay survivors within months, without litigation
- Survivors retain right to litigate if unhappy with offer
- California-wide, Administrator-run
- Open to IOUs, POUs, SMJUs

Prioritize Survivor Claims

- No change to survivor claims for property, wrongful death, serious bodily injury claims
- Reject proposed cap on non-economic damages
- Reject "zone of danger" limitation for non-economic damages, replace with wider boundary to include all victims

Stop Corporate Profiteering

- Bar hedge funds and private equity firms from market speculation, buying survivor claims

WILDFIRE FUND DURABILITY

Insurers

- Reject proposed prohibition on subgrogation
- Bar hedge funds and private equity firms from market speculation, buying insurance claims
- Create fast pay program for subrogation claims
- Initiate economic analysis on subrogation to inform future policy

Cities, Counties, Public Entities

- Reject proposed limits to economic damage claims
- Post 2030 – Sunrise provision to maximize FEMA dollars

Corporate Claims

- Limit corporate claims to dimunition-in-value property loss
- Business interruption, other claims only by SBA-defined small businesses

WILDFIRE FUND DURABILITY

Attorney's Fees

- Flat Fee for Fast Pay Program
- Establish Scaled Attorney Compensation for other cases

Wildfire Fund Structure

- $6 billion cap per event on wildfire fund claims
- Allow for expedited financing from ratepayers should events exceed that cap
- If utilities are found imprudent, shareholders pay it all back

FAIR PLAN & INSURANCE MARKET REFORMS

AB 69 (Calderon)
- Assists FAIR Plan policyholders in securing coverage outside of the FAIR plan

AB 1680 (Calderon)
- Strengthens CA Dept. of Insurance's oversight of the FAIR plan
- Requires FAIR plan to follow corrective actions

AB 2061 (Chen)
- Codifies the FAIR Plan's existing practice to post quarterly on risk exposure

AB 2724 (Bauer-Kahan)
- Requires CDI to annually evaluate and update distressed areas under the SIS

Codify the Sustainable Insurance Strategy
- Ensure ongoing stability of California insurance market

UTILITY AFFORDABILITY & ACCOUNTABILITY

I. Reduced Shareholder Profit

- 1% ROE cut on wildfire CapEx

II. Shareholder-funded investment in CA Community Wildfire Mitigation

- Replace modest customer rebate with seed funding to support comprehensive, statewide community mitigation strategy

III. Long-Term Rate Stability: Structural Reforms

- Reject PUC study, replace with concrete reforms
- Align utility rate increases with inflation
- Consolidate balancing and memorandum accounts
- Encourage competition – Lower Kv threshold for competitive solicitations of new transmission projects
- Financial penalties for utility accounting errors

UTILITY AFFORDABILITY & ACCOUNTABILITY

IV. Strengthen Wildfire Mitigation Plans

- Energy Safety must publish inspection data, audits, investigations online
- Energy Safety must require performance improvement plan (PIP) for persistent failures

V. Strengthen Safety Incentives for Executive Compensation

- Mandatory CEO and all C-suite compensation forfeiture after utility-caused wildfire
- Increase from 1 to 2 years

VI. Penalties & Receivership

- Establishes a mandatory per-violation penalty for wildfire
- Creates an escalating penalty ladder related to wildfire safety – final rung is a utility takeover (receivership)
- Reject proposal to tie penalty ladder to fire, instead use wildfire mitigation and safety performance as trigger

COMMUNITY WILDFIRE MITIGATION

I. Statewide Strategy for Community Resilience

- Requires statewide Community Wildfire Preparedness Strategy
- Comprehensive: risk reduction, preparedness capacity, public education, home hardening, defensible space, CWPPs, local coordination
- Ensure expert engagement & collaboration with State Fire Marshall to develop strategy
- Include research-based public education campaign

II. Establish Wildfire Data Commons

- Support data-driven approach to risk mitigation and investments

III. Create California Wildfire Mitigation Fund

- Seed funding from utility shareholders
- Study to develop ongoing funding strategy, come back to legislature with recommendations

COMMUNITY WILDFIRE MITIGATION

Align Wildfire Mitigation Validation Programs with Insurance
- AB 1934 (Bennett)
- AB 1960 (Bennett)

Improve Risk Data Collection and Regional Coordination
- AB 1964 (Bennett)
- SB 973 (Becker)
- SB 911 (Becker)
- AB 2513 (Petrie-Norris)

Stretch State Dollars & Expedite Project Review
- SB 894 (Allen)
- SB 1370 (Stern)
- AB 1699 (Rogers)

Additional Bills to Include in Package
- AB 1891 (Connolly)
- AB 2075 (Bennett)
- AB 2483 (Elhawary)
- AB 2494 (Rogers)
- AB 1666 (Rogers)

QUESTIONS?

ADDITIONAL SLIDES

Still Waiting to Come Home

The January 2025 LA fires destroyed 16,246 homes. One year later, 10 have been rebuilt.

16,246

homes destroyed

10

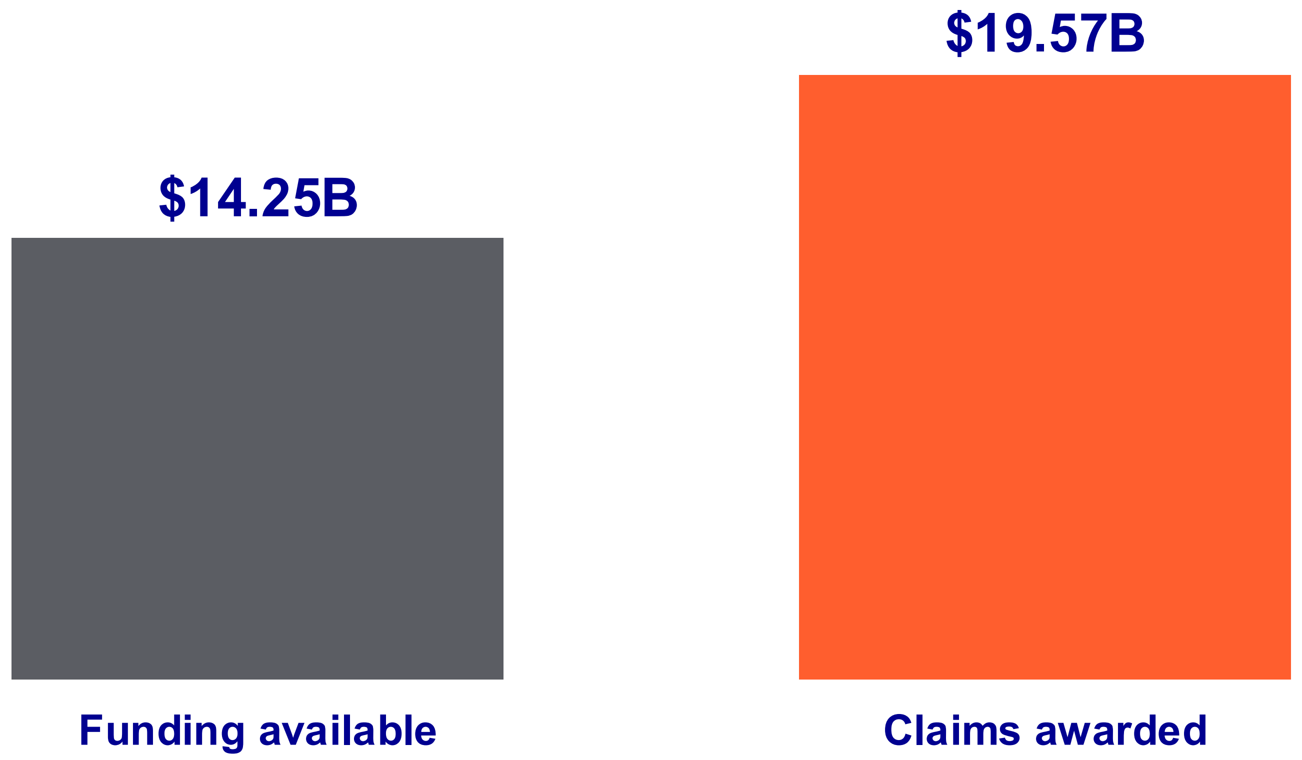
rebuilt one year later

Source: Cal Fire, LA County Recovery data, as reported by FireRescue, Jan. 2026 one-year retrospective on the Palisades and Eaton fires

The Fund is the Difference

Without a durable fund, victims are last in line in a bankruptcy and wait years for partial payment — not full, fast reimbursement.

PG&E Fire Victim Trust — April 2026 – ~$5.4 billion shortfall

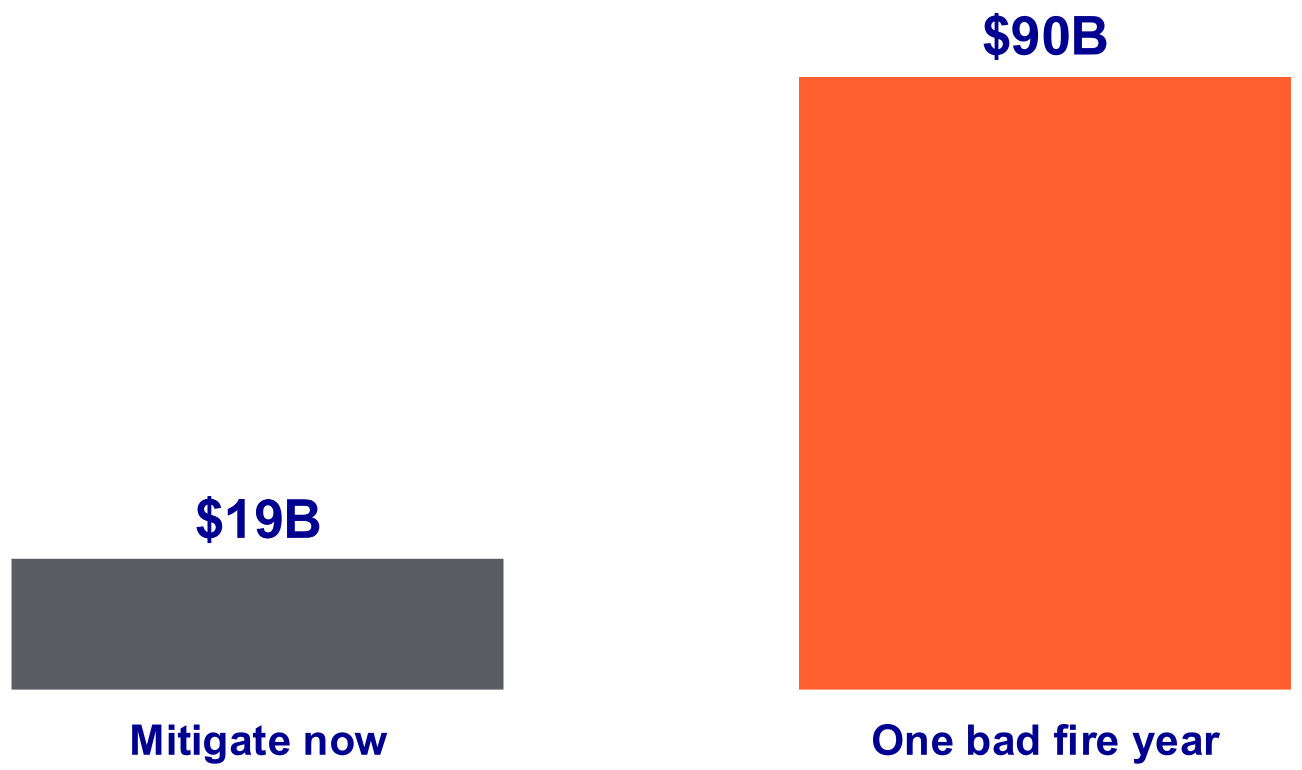


Source: PG&E Fire Victim Trust status as of April 30, 2026, reported via LegalClarity; $19.57B awarded, $14.25B funded, ~$5.4B shortfall — 5 years after utility bankruptcy, still not fully paid

The Cost of Waiting

One catastrophic wildfire season could cost 4.7x more than mitigating the risk today.

Statewide mitigation investment vs. a single 1-in-250-year event



Source: SB 254 Natural Catastrophe Resiliency Report, California Earthquake Authority, April 2026