SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2700 (Patterson) - Public Utilities Commission: electrical corporations: wildfire victim restitution shortfalls: report: restitution mechanisms

Version: August 3, 2026
Urgency: No
Hearing Date: August 10, 2026

Policy Vote: E., U. & C. 16 - 0
Mandate: No
Consultant: Ashley Ames

Bill Summary: This bill would require the California Public Utilities Commission (CPUC) to generate a report assessing the verified restitution shortfalls for victims of wildfires caused by electrical corporations, as provided, and to recommend restitution mechanisms for electrical corporations to address those shortfalls.

Fiscal Impact:
- The CPUC estimates one-time costs of $5 million (ratepayer funds) to calculate verified restitution shortfalls for victims of wildfires, develop recommendations to address shortfalls, and produce the report.

Background:

The Wildfire Fund. The Wildfire Fund was established by AB 1054 (Holden, 2019) to help pay eligible claims from fires ignited by electrical corporation infrastructure whose costs fall above $1 billion in the aggregate within a calendar year, or over the amount of the utility's required insurance coverage. The Wildfire Fund is not a fund in the State Treasury; it is administered by the Wildfire Fund Administrator, subject to the direction of the California Catastrophe Response Council, and provides funds to participating electrical corporations to satisfy eligible claims arising from a covered wildfire. The fund is capitalized from initial and annual contributions from shareholders of the large electrical corporations and nonbypassable charges assessed on customers of the large electrical corporations, which combined would provide approximately $21 billion in total capitalization. A "covered wildfire" for which a participating electrical corporation can tap into the Wildfire Fund is a wildfire ignited by its infrastructure on or after July 12, 2019, the date AB 1054 was enacted. Previous fires ignited by electrical corporation infrastructure were not covered wildfires, and those liabilities remained with the electrical corporation as had been the practice before the fund's creation. Wildfires preceding AB 1054 include the 2015 Butte Fire (PG&E), the 2017 North Bay Fires (PG&E), the 2017 Thomas Fires (SCE), and the 2018 Camp Fire (PG&E).

Wildfire Fund Continuation Account. The Wildfire Fund Continuation Account, established by SB 254 (Becker, 2025), provides funds to participating electrical corporations to satisfy eligible claims arising from a covered wildfire ignited on or after September 19, 2025. The account is capitalized from annual and any additional contributions from shareholders of the large electrical corporations and an extension of the nonbypassable charges assessed on customers of the large electrical corporations, which combined would provide approximately $18 billion in total capitalization.

Wildfire Fund Administrator's report. Existing law requires the Wildfire Fund Administrator, in consultation with the CPUC and other entities, to prepare and submit to the Legislature and the Governor a report that evaluates and sets forth recommendations on new models or approaches that mitigate damage, accelerate recovery, and responsibly and equitably allocate burdens from natural catastrophes, including catastrophic wildfires, across stakeholders.

The Fire Victim Trust. For victims of the 2015 Butte Fire, the 2017 North Bay Fires, and the 2018 Camp Fire, the primary restitution mechanism is the PG&E Fire Victim Trust, established as a condition of PG&E's bankruptcy reorganization. PG&E funded the Fire Victim Trust with $5.4 billion in cash and 22.19% of stock in the reorganized PG&E company. As of October 2024, the pro rata payment percentage stood at 70%, with no mechanism to recover the remaining 30%. The stock held in the trust is fully liquidated, with the final distribution expected in the spring or summer of 2026 following resolution of a settlement agreement with a utility vegetation management contractor. As of the trust's last reporting, it has paid out $13.71 billion in claims, with a total of $19.57 billion in determinations for economic and noneconomic claims.

Proposed Law: This bill would:

1. Require the CPUC, on or before January 1, 2028, to generate a report assessing the verified restitution shortfalls for victims of wildfires caused by electrical corporations occurring before July 12, 2019.

2. Require the CPUC to recommend restitution mechanisms for electrical corporations to address those shortfalls to ensure victims are fully and fairly compensated in a timely manner while supporting long-term rate stability.

3. Prohibit the recommended restitution mechanisms from including any measures that authorize rate recovery for restitution payments.

4. Define, for purposes of these provisions, "Fire Victim Trust," "full compensation," "timely," and "verified restitution shortfalls."

    a. Define "full compensation," for a victim of a wildfire caused by the Pacific Gas and Electric Company (PG&E) between January 1, 2015, and December 31, 2018, inclusive, that was litigated through the United States Bankruptcy Court, as payment of 100 percent of the verified economic and noneconomic losses of the victim, as indicated within the Fire Victim Trust Determination Notices.

5. Require the CPUC, in developing the restitution mechanisms, to ensure all of the following:

    a. Verified restitution shortfalls are consistently and fairly paid to ensure full compensation is issued in a timely manner.

    b. Incremental payments, if any, to wildfire victims are made on a proportional basis relative to the verified losses where full and immediate payment is not feasible.

   c. Timelines and benchmarks are established for achieving full compensation.

      i. Also require the restitution mechanisms to include assessments of verified restitution shortfalls for all victims of wildfires caused by an electrical corporation that prioritize and expedite remedies for victims of wildfires occurring between January 1, 2015, and July 12, 2019.

6. Require the restitution mechanisms to do all of the following:

   a. Ensure there is a path to full restitution for wildfire victims of PG&E from wildfires occurring between calendar years 2015 and 2018, inclusive.

   b. Set a foundation and precedent for ensuring equitable restitution for all wildfire victims, including victims of the 2025 Eaton Fire, if it is determined that an electrical corporation caused that wildfire.

   c. Establish a framework within existing CPUC processes and those established through the Wildfire Fund to reduce costs for administration and streamline victim restitution processes.

7. Prohibit the CPUC from considering restitution mechanisms that include any measures that authorize rate recovery for restitution payments, and require the CPUC to instead consider restitution mechanisms that rely on other measures, including, but not limited to, all of the following:

   a. Deferred or reduced shareholder dividends.

   b. Retained earnings or equity contributions.

   c. Bonds or other unstructured or structured debt mechanisms.

   d. Access to existing wildfire-related financial structures, where permissible.

   e. Other financial tools that preserve utility financial stability while ensuring full victim compensation.

8. Provide that these provisions do not require the taking of private property but establish conditions on the continued exercise of utility privileges granted by the State of California, including the authorization to collect rates, access capital markets, and operate as a regulated monopoly under a certificate of public convenience and necessity.

9. Prohibit the CPUC from implementing the restitution mechanisms developed pursuant to these provisions unless explicitly authorized by statute.

10. Make findings and declarations regarding the CPUC's authority to condition financial approvals and rate determinations on public interest obligations, the Wildfire Fund Administrator's report issued pursuant to SB 254 (2025), and the ultimate responsibility of the electrical corporation that ignited a wildfire for ensuring fair, full, and timely restitution; and declare the intent of the Legislature

that victims of utility-caused wildfires be fully, fairly, and timely compensated, that utility financial incentives be aligned with public outcomes, that restitution mechanisms be expedited, and that restitution paid pursuant to these provisions be paid directly to wildfire victims and not be paid for attorney's fees.

Related Legislation:

SB 254 (Becker, 2025), makes numerous changes to energy policy, including the creation of the Continuation Account within the Wildfire Fund and the extension of the nonbypassable charge on ratepayers for an additional ten year (to 2045).

AB 111 (Budget, 2019) establishes the California Energy Infrastructure Safety Act and creates governmental structures to carry out the Act, including an administrator for the Wildfire Fund.

AB 1054 (Holden, 2019) creates an electrical corporation and ratepayer jointly funded Wildfire Fund to address future wildfire liabilities and creates additional safety oversight and processes for utility infrastructure.

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