THIRD READING

Bill No: AB 2700
Author: Patterson (R), et al.
Amended: 8/13/26 in Senate
Vote: 21

SENATE ENERGY, U. & C. COMMITTEE: 16-0, 6/30/26
AYES: Allen, Ochoa Bogh, Arreguín, Ashby, Becker, Caballero, Dahle, Gonzalez, Grove, Hurtado, McNerney, Reyes, Richardson, Stern, Strickland, Wahab
NO VOTE RECORDED: Archuleta

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/13/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 76-0, 5/28/26 - See last page for vote

SUBJECT: Public Utilities Commission: electrical corporations: wildfire victim restitution shortfalls: report: restitution mechanisms

SOURCE: Author

DIGEST: This bill requires the California Public Utilities Commission (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, and to recommend restitution mechanisms for electrical corporations to address restitution shortfalls, as provided.

ANALYSIS:

Existing law:

1) Establishes and vests the CPUC with regulatory authority over public utilities, including electrical corporations. (Article 12 of the California Constitution)

2) Establishes the Wildfire Fund, which is not a fund in the State Treasury, administered by the Wildfire Fund Administrator, pursuant to Section 8899.72 of the Government Code, subject to the direction of the California Catastrophe Response Council, pursuant to Section 8899.70 of the Government Code, to provide funds to participating electrical corporations to satisfy eligible claims arising from a covered wildfire. (Public Utilities Code §3284)

3) Requires the Wildfire Fund to be 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. (Public Utilities Code §§3285, 3289)

4) Establishes the Wildfire Fund Continuation Account to provide funds to participating electrical corporations to satisfy eligible claims arising from a covered wildfire ignited on or after September 19, 2025. Requires the Wildfire Fund Continuation Account to be 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. (Public Utilities Code §3298 *et seq*.)

5) 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 equitable allocate burdens from natural catastrophes, including catastrophic wildfires, across stakeholders, as provided. (Public Utilities Code §719)

This bill:

1) Makes several findings and declarations concerning the CPUC's authority to include the ability to condition financial approvals, stating the CPUC should support utility wildfire victim restitution, the Wildfire Fund Administrator's SB 254 (Becker, Chapter 119, Statute of 2025) Report, the intent of the Legislature to ensure restitution mechanisms should be expedited and implemented by identifying wildfire victim restitution shortfalls and establishing mechanisms to ensure that utility wildfire victims are made whole.

2) Defines "Fire Victim Trust" to mean the Fire Victim Trust created pursuant to the order of the U.S. Bankruptcy Court for the Northern District of California, dated June 20, 2020, case number 19-300088, docket number 8053.

3) Provides that "full compensation" for a victim of a wildfire caused by the Pacific Gas & Electric (PG&E) Company between January 1, 2015 and December 31, 2018, that was litigated through the U.S. Bankruptcy Court, means payment of 100% of the verified economic and noneconomic losses of the victims, as indicated with Fire Victim Trust Determination Notices issued pursuant to the Fire Victim Trust. Provides that "full compensation" for a victim of a wildfire not caused by PG&E Company, as specified above, but caused by an electrical corporation means 100% of the financial damages, as determined by the court order, settlement agreement, utility compensation program, or other restitution mechanism.

4) Defines "timely" to mean within a timeframe established by the CPUC to balance commercially reasonable timing for electrical corporations and a reasonable recovery period for victims based on their date of wildfire loss.

5) Defines "verified restitution shortfalls" to mean uncompensated or undercompensated losses as determined through a court-approved trust administration process, settlement agreement, or CPUC-recognized methodology, except as specified. Provides that "verified restitution shortfalls" for a victim of a wildfire who is partially compensated through the Fire Victim Trust, means the total amount of all economic and noneconomic losses as indicated within the Fire Victim Trust's Determination Notices issued pursuant to the Fire Victim Trust.

6) Requires 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, and to recommend restitution mechanisms for electrical corporations to address restitution shortfalls.

7) Requires the CPUC, in developing the restitution mechanisms in the report, to ensure, among other things, that the verified restitution shortfalls are consistently and fairly paid to ensure full compensation is issued in a timely manner while supporting long-term rate stability.

8) Requires the CPUC to ensure the restitution mechanisms in the report provide, among other requirements, there is a path to full restitution for wildfire victims of PG&E Company from wildfires occurring between calendar years 2015 and 2018.

9) Prohibits recommendations that include any measures that authorize rate recovery for restitution payments.

Background

Need for this bill. The author states:

> Wildfire victims have lost their properties, their homes, and sometimes even their loved ones. Despite these significant losses, wildfire victims have waited years to be paid what they were promised. No amount of compensation can fully redress the pain and heartache victims have suffered but even this meager help has not been provided them. AB 2700 is an important step to ensure that victims of wildfires can receive the compensation they deserve.

Wildfires before July 12, 2019. The Wildfire Fund was established by AB 1054 (Holden, Chapter 79, Statutes of 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 legislation was enacted on July 12, 2019, to help address liabilities from wildfires ignited by electric utility infrastructure. The legislation provides that "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. As such, previous fires ignited by electrical corporation infrastructure were not covered wildfires for purposes of the Wildfire Fund and those liabilities would be handled with the electrical corporation as had been the practice up until the creation of the Wildfire Fund. In this regard, wildfires before AB 1054 was signed into law include: the 2015 Butte Fire (PG&E), 2017 North Bay Fires (PG&E), 2017 Thomas Fires (SCE), and 2018 Camp Fire (PG&E).

PG&E Federal Bankruptcy Court Settlement. For victims of the 2015 Butte Fire, 2017 North Bay Fires, and 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. Tying compensation to PG&E stock value proved problematic for victims. 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 this spring or summer following resolution on a settlement agreement with a utility vegetation management contractor.[1] As of the last reporting, the Trust has paid out $13.71 billion in claims with a total of $19.57 billion in determination for economic and noneconomic claims.[2]

Wildfire Fund Continuation Account. The Wildfire Fund Continuation Account, established by SB 254 (Becker, Chapter 119, Statute of 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 (roughly $0.005/kilowatt hour) 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, *the SB 254 Study 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. On April 7th, the Wildfire Fund Administrator released the report*, Enhancing California's Resiliency to Natural Catastrophes*[3] which includes a myriad of recommendations concerning community mitigation, changes to property insurance markets, and changes to policies requiring electric utilities (and their customers) to absorb costs from catastrophic fires.

Prior/Related Legislation

SB 254 (Becker, Chapter 119, Statute of 2025) among its provisions, established the Wildfire Fund Continuation Account.

AB 1054 (Holden, Chapter 79, Statutes of 2019) among its provisions, established the Wildfire Fund to help pay eligible claims from fires ignited by electrical corporation infrastructure.

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[1] Letter from Trustee Cathy Yanni, https://www.firevictimtrust.com/ViewPDFDoc.aspx?letter%20from%20the%20trustee%20(12-31-25).pdf, December 31, 2025.
[2] https://www.firevictimtrust.com/ accessed on June 26, 2026.
[3] California Earthquake Authority: Administrator of the Wildfire Fund. SB 254 Study Report, *Enhancing California's Resiliency to Natural Catastrophes Senate Bill 254 (2025) Study Report,* April 7, 2026. *https://www.cawildfirefund.com/sites/wildfire/files/documents/2026/sb254-natcatresiliencyreport-locked-4-7-26.pdf*

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee, 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.

SUPPORT: (Verified 8/13/26)

Mayor Steve Crowder, Town of Paradise
Supervisor Robert Rickman, San Joaquin County District 5
Adler Law Group
After the Fire
California Farm Bureau
County of Butte
Cutter Law
Easton Fire Residents United
Green Power Institute
Utility Wildfire Survivor Coalition
19 Individuals

OPPOSITION: (Verified 8/13/26)

Pacific Gas and Electric Company
Southern California Edison

ARGUMENTS IN SUPPORT: According to the Utility Wildfire Survivor Coalition:

> Many wildfire survivors from the 2015-2018 PG&E fires continue to suffer from dramatically incomplete compensation, unrepaired homes, vacant lots, unpaid medical liens, financial instability, and years of delayed recovery. Indeed, the suffering of tens of thousands of wildfire survivors are due to the ongoing actions of PG&E to delay and otherwise interfere with victim recovery to advance their own corporate and investor interests. PG&E has not made good on their stated commitments to fully and fairly pay fire victims. Instead, they actively work with their investors and with organizations like "Wildfire Victims First" to undermine victim recovery. If we do not ultimately hold utilities responsible for FULL victim restitution, these same problems will threaten future wildfire survivors. That said, AB 2700 does not predetermine the

outcome of the CPUC’s work. It simply requires the CPUC to assess verified restitution shortfalls and recommend mechanisms for electrical corporations to address them.

ARGUMENTS IN OPPOSITION: According to PG&E and SCE:

AB 2700 is counterproductive, impractical and legally flawed. It offers no workable solution to California's pressing wildfire and affordability challenges. Instead, it increases utility financial instability, discourages investment in critical infrastructure, and undermines the timely grid upgrades that a safe, reliable and carbon-free energy system require.

AB 2700 suffers from fatal legal flaws that indicate the bill is unconstitutional under multiple legal theories, including but not limited to conflicts with federal bankruptcy law and constitutional protections for utilities under the Fifth and Fourteenth amendments. PG&E emerged from bankruptcy in 2020 through a court-approved reorganization that established a comprehensive framework for addressing wildfire liabilities. The resolution of those bankruptcy proceedings provided funding to satisfy all wildfire claims asserted against PG&E. In particular, funding of the Fire Victim Trust as provided in the Plan of Reorganization was “in restitution and full and final satisfaction, release, and discharge of all Fire Victim Claims.” This funding was accepted by the class of wildfire victims through a structured legal process. PG&E therefore has satisfied in full its obligations to those impacted by the Camp and other fires. AB 2700 attempts to rewrite the outcome of those long-settled federal proceedings and would be subject to significant and protracted legal challenges.

ASSEMBLY FLOOR: 76-0, 5/28/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Johnson, Kalra, Krell, Lackey, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NO VOTE RECORDED: Jackson, Lee, Quirk-Silva, Celeste Rodriguez

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8/17/26 9:53:49

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