
THIRD READING

Bill No: SB 1370
Author: Stern (D), et al.
Introduced: 2/20/26
Vote: 21

SENATE ENERGY, U. & C. COMMITTEE: 13-0, 4/13/26
AYES: Allen, Archuleta, Arreguín, Caballero, Dahle, Gonzalez, Grove, Hurtado,
McNerney, Reyes, Richardson, Stern, Wahab
NO VOTE RECORDED: Ochoa Bogh, Becker, Rubio, Strickland

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SUBJECT: Wildfire Fund: report

SOURCE: Author

DIGEST: This bill requires the Wildfire Fund Administrator to present a required report to specified Senate Committees.

ANALYSIS:

Existing law:

- 1) Establishes and vests the California Public Utilities Commission (CPUC) with regulatory authority over public utilities, including electrical corporations. (Article 12 of the California Constitution)
- 2) Establishes the Wildfire Fund, administered by the Wildfire Fund Administrator, and continuously appropriates moneys in the fund to pay eligible claims, as defined, against participating electrical corporations arising from wildfires ignited on or after July 12, 2019. (Public Utilities Code §§3289 and 3291)

- 3) Requires the Wildfire Fund Administrator, in consultation with the CPUC, the Office of Energy Infrastructure Safety (OEIS), the Department of Insurance, the Office of Emergency Services (OES), and the Department of Forestry and Fire Protection, and with feedback solicited from stakeholders, to prepare and submit a report to the Legislature, on or before April 1, 2026, that evaluates and sets forth recommendations on new models or approaches that mitigate damage, accelerate recovery, and responsibly and equitably allocate the burdens from natural catastrophes across stakeholders to complement or replace the fund. Requires that the report include specified recommendations including, recommendations on the accessibility and affordability of property insurance in California and an evaluation of alternative structures to socialize risk of damage from natural catastrophes, as provided. (Public Utilities Code §719)

This bill requires the Wildfire Fund Administrator to present recommendations on new models to mitigate damage, accelerate recovery, and equitably allocate burdens from natural catastrophe to the following Senate Committees:

- The Senate Committee on Emergency Management.
- The Senate Committee on Energy, Utilities and Communications.
- The Senate Committee on Insurance.
- The Senate Committee on Judiciary.
- The Senate Committee on Natural Resources and Water.

Background

Inverse condemnation. The California Constitution provides the basis for recovery against government entities and public utilities via the theory of inverse condemnation. Section 19 of Article 1, requires that just compensation be paid when private property is taken for public use. This is commonly understood as eminent domain. In the case where a property is damaged by a public improvement project, the application is known as inverse condemnation. Unlike in cases of negligence, the responsible entity is held strictly liable where a public improvement causes property damage. The California Supreme Court and appellate courts have held that inverse condemnation is applicable to privately owned public utilities (*Gay Law Students Association v. Pacific Telephone & Telegraph Co.* (1979) 23 Cal.3d 458, 469), and (*Barham v. Southern California Edison Company* (1999) 74 Cal. App 4th 744).

Wildfire Fund established. After several catastrophic wildfires ignited or suspected to have been ignited by electric utility infrastructure, including the deadly 2018

Camp Fire, a CPUC decision to disallow costs requested by San Diego Gas & Electric (SDG&E) from fires in 2007, and Pacific Gas & Electric's (PGE's) 2019 decision to file for bankruptcy in part to address claims from several fires (and also affected by the criminal probation from the 2008 San Bruno gas pipeline explosion), the Legislature passed AB 1054 (Holden, Chapter 79, Statutes of 2019) which in addition to the numerous provisions related to addressing wildfires caused by electric utility infrastructure, also included the authorization for an electrical corporation and ratepayer jointly funded Wildfire Fund to address future damages from future fires caused by electric investor-owned utility (IOU) infrastructure and subject to inverse condemnation. AB 1054 established the formula for contributions for the fund, including half paid by shareholders and the other collected from ratepayers via a volumetric charge on their utility bills (roughly \$0.005/kilowatt-hour) to capitalize up to \$21 billion in claims paying capacity if the large electrical corporations elected to participate. The authorizing statute included a sunset date of 2035 on the Wildfire Fund, with the idea that the Fund would not be needed long-term, only as a limited-time additional insurance policy as electric IOUs reduced their wildfire risks by investing in and implementing wildfire mitigation measures. The Wildfire Fund is currently capitalized at just over \$13.5 billion. The administrator, via the California Earthquake Authority, is currently tracking reported losses from three fires – the October 2019 Kinkade Fire, July 2021 Dixie Fire, and the September 2022 Mosquito Fire.

SB 254 (Becker, Chapter 119, Statutes of 2025) authorized the extension of the Wildfire Fund for another 10 years. With increasing speculation that the deadly January 2025 Eaton Fire in Southern California may have been ignited by Southern California Edison (SCE) transmission infrastructure, there have been growing concerns from utilities, their investors, insurance companies, wildfire victims and their attorneys, that the Wildfire Fund is likely to be depleted by the claims from just the one fire. Eaton Fire claims are estimated in the tens of billions of dollars due to the nearly 10,000 structures and other property damaged or destroyed in Altadena, Sierra Madre, and Pasadena, in addition to other losses. SB 254 authorized the Continuation Account of the Wildfire Fund for an additional 10 years (to 2045). If all three large electrical corporations elect to participate, the new account would be capitalized using the existing nonbypassable charge on ratepayers to issue additional recovery bonds, but extended through 2045 (up to an additional \$9 billion), and another \$9 billion from electric IOU shareholders (paid in different installments and allocations than the original fund, with the allocations adjusted to address risk and agreed to by the electric IOUs).

Comments

SB 254 calls for a study by the Wildfire Fund Administrator. Since its inception there have been questions about the durability of the Wildfire Fund, but as noted above, the theory was that the electric IOUs would have a 10 year limited-time insurance policy while they made the necessary investments to reduce the risk of their equipment igniting wildfires. However, the level of damage from the Eaton Fire, a conflagration in an urbanized and very populated area, has further raised concerns about the durability of the Fund as an adequate insurance mechanism. Even though SB 254 authorized an extension of the Fund, SB 254 also required a study by April 1, 2026 by the Wildfire Fund Administrator, in consultation with the CPUC, OEIS, OES, Department of Insurance, and Department of Forestry and Fire Protection, with feedback from stakeholders to recommend additional approaches to socializing the costs of these and related disasters. The study, *Enhancing California's Resiliency to Natural Consequences*¹, was released on Tuesday, April 7th and includes a myriad of recommendations concerning community mitigation, changes to the property insurance markets, and changes to policies requiring electric utilities (and their customers) to absorb costs from catastrophic fires.

This bill proposes to require the report to be presented to multiple Senate Committees, including this one, along with Emergency Management, Insurance, Judiciary, and Natural Resources and Water. As this bill moves forward, the author may wish to consider including Assembly Committees.

Related/Prior Legislation

SB 254 (Becker, Chapter 119, Statutes of 2025) proposed various policies related to electrical corporations, including requiring a study by the Wildfire Fund Administrator and authorizing an extension of the Wildfire Fund.

AB 1054 (Holden, Chapter 79, Statutes of 2019) included numerous provisions related to addressing wildfires caused by electric utility infrastructure, including: bolstering safety oversight and processes, such as required updates to each electric corporation's wildfire mitigation plan (WMP), recasting recovery of costs from damages to third-parties, including the authorization for an electrical corporation and ratepayer jointly funded Wildfire Fund to address future damages, and changes

¹ 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.

to provisions concerning the workforce of a change of ownership of a full or portion of an electrical or gas corporation.

SB 901 (Dodd, Chapter 626, Statutes of 2018) addressed numerous issues concerning wildfire prevention, response and recovery, including funding for mutual aid, fuel reduction and forestry policies, WMPs by electric utilities, and cost recovery by electric corporations of wildfire-related damages.

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

SUPPORT: (Verified 4/27/26)

None received

OPPOSITION: (Verified 4/27/26)

None received

ARGUMENTS IN SUPPORT: According to the author:

As the wildfires in California have shown us, we can no longer afford a reactive approach to climate catastrophes, where we wait for destruction to occur before we scramble for solutions. Senate Bill 1370 is an important measure because it requires the Wildfire Fund Administrator to come before the Legislative Committees to provide its recommendations based on their comprehensive, evidence-based report to evaluate how we can better mitigate damage and accelerate recovery before the next disaster strikes. This legislation demands that we look at new models of wildfire risk management, ensuring we are not just fixing damage, but rethinking how we allocate the immense burdens of these catastrophes across stakeholders.

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