NRECA
America's Electric Cooperatives

May 15, 2025

Patrick Powers, Designated Federal Officer
Federal Emergency Management Agency Review Council
Office of Partnership and Engagement, Mailstop 0385
Department of Homeland Security
2707 Martin Luther King Jr Ave. SE
Washington, DC 20032

Submitted via regulations.gov

Re: Docket No. DHS-2025-0013 Request for Public Input on Experiences with FEMA Disaster Responses, 90 Fed. Reg. 13771 (March 26, 2025)

Dear Mr. Powers,

The National Rural Electric Cooperative Association (NRECA) appreciates the opportunity to share perspectives on improvements at the Federal Emergency Management Agency (FEMA). NRECA is the national trade association representing 900 not-for-profit electric cooperatives and other rural electric utilities. There are numerous opportunities to streamline and improve the FEMA disaster relief funding process to help more quickly unleash American energy in the wake of natural disasters.

Energy is the backbone of the American economy. Electric cooperatives power one in eight Americans and serve as engines of economic development for 42 million people across 56% of the nation's landscape. When disaster strikes, electric co-ops work tirelessly to restore power as quickly and safely as possible. Disaster relief funding through FEMA plays a vital role in this process.

Electric co-ops operate at cost and have no shareholders. Because of this, any increased costs that are incurred by the co-op are passed directly along to the members at the end of the line. Unlike investor-owned utilities, electric cooperatives cannot claim tax breaks for storm expenses, nor can electric cooperatives create interest-earning balance sheet accounts to draw down at a later date for storm expenses.

Electric cooperatives have limited sources of funding for declared disaster-related storm expenses. Their main options are FEMA reimbursement under the Stafford Act or self-funded recovery, which usually involves borrowing funds from either the U.S. Department of Agriculture's Rural Utilities Service (RUS) or private lenders. Importantly, self-funded recovery efforts are far more likely to cause electric rates to rise.

Recommendations

FEMA's Public Assistance (PA) program is critical to supporting communities served by electric cooperatives before, during, and after disasters and ensuring reliable, affordable energy. Proposals that remove access to these resources would undermine power restoration efforts, negatively affect reliability, and ultimately increase the cost of electricity. **States play a vital role in disaster response, but they cannot replace FEMA's essential function in delivering federal assistance.**

The federal disaster assistance process needs to be more efficient and effective. The current timeline for FEMA reimbursement for co-ops is measured in years, not months. And in some cases, it takes more than five years for electric co-ops to be reimbursed for disaster costs.

The recommendations and comments below represent aggregated input from NRECA's member cooperatives. We view this RFI as the first of many opportunities to engage with the Trump Administration on FEMA's efficacy and priorities to ensure the 42 million Americans served by electric cooperatives have resources and support when they need it most.

With that in mind, we strongly urge the Council to consider the following recommendations:

- **Reduce delays in receiving funds once Public Assistance is approved:** Prompt receipt of FEMA PA funds is essential for not-for-profit electric cooperatives. Long wait times between disaster impacts and FEMA payment can force cooperatives to borrow substantial amounts of money and incur interest costs on these large loans. These costs would then be passed on to cooperative consumer-members through electric rate increases. FEMA should streamline its procedures to ensure that lengthy delays are avoided, and communities served by co-ops are not burdened by unnecessary expenses.

- **Make loan interest a reimbursable disaster expense:** Lengthy delays in receiving funds can force electric cooperatives to borrow substantial amounts of money to bridge the time between disaster impacts and FEMA payment. The interest on these loans becomes a significant cost to the consumer-members of electric cooperatives. FEMA should reimburse the interest on these loans as an eligible cost incurred after a disaster hits an electric cooperative's system.

- **Extend protections against the unreasonable clawing back of funds:** The increased focus on the rising costs of disasters has brought intense pressure to close "legacy" disasters. There are instances when FEMA has expedited final reviews and taken back millions from unsuspecting communities and applicants. In some instances, FEMA will decide that public assistance was not appropriate after payment has already been made. In those instances, the agency can seek to recover, or "deobligate," such payments either directly or through an administrative offset of future federal payments.

  We support the desire for FEMA to be a good steward of federal tax dollars, and we support the policy goal of Section 705(c) of the Stafford Act to provide some certainty around a limited time during which FEMA can claw back funds. Section 705(c) provides that states and local governments "shall not be liable" for reimbursement if disaster grant closeout procedures are met. **Private nonprofits should also receive these protections.** Uncertainty surrounding deobligation makes it difficult for electric cooperatives to keep rates as low as possible because they must contend with the possibility that funds will be clawed back.

- **Lower the per capita threshold in rural America:** FEMA should revise the per capita impact indicator to better reflect the unique challenges faced by electric cooperatives. Cooperatives must build and maintain more infrastructure per consumer than urban utilities, resulting in higher recovery costs. Raising the per capita thresholds would make it harder for cooperatives to qualify for federal aid, straining their limited resources and slowing disaster recovery. FEMA should collaborate with state and local governments, as well as industry stakeholders, to assess the adequacy of the current threshold.

- **Give Stafford Act eligible private nonprofit entities such as electric cooperatives direct access to FEMA resiliency funding programs:** Denying Stafford Act eligible private nonprofit entities, such as electric cooperatives, direct access to FEMA's resiliency funding programs deprives communities served by cooperatives of opportunities to strengthen and harden electric systems. Direct access to FEMA resiliency funding programs for Stafford Act eligible private nonprofit entities would increase the mitigation projects that electric cooperatives could apply for to harden their systems and decrease electric power outages during natural and other disasters.

As requested in the RFI, we have addressed the Council's questions based on our members' experiences. The following answers are designed to help improve the federal government's emergency management efficiency, responsiveness, and financial stability:

Describe your experience with FEMA's response to your request for assistance. Was FEMA's response timely and efficient to assist in your recovery?

While it is clear that FEMA must be reformed, we do not support turning over FEMA's responsibilities to the states.

Electric cooperatives navigate a complex web of state and federal regulations to access disaster recovery funds. As private, not-for-profit entities, they go through their states as subgrantees to receive assistance. But poor communication and coordination often cause significant delays.

The cumbersome federal review process often leads to shifting requirements, forcing co-ops to resubmit claims months after they had first been approved. Some co-ops have been denied reimbursement due to extreme backlogs at FEMA regional offices, with no explanation or outreach. And many end up hiring expensive third-party consultants to navigate the system, diverting valuable staff time to secure grants that should have been awarded years ago.

Recovery efforts are further complicated by the interest expenses incurred on the loans that co-ops use to bridge between the disaster and their eventual FEMA reimbursement. One co-op in the southeast will pay around $3.4 million per year in interest on private financing to cover repairs from Hurricane Helene while awaiting FEMA reimbursement.

Policy changes create further disruptions, such as the recent cancellation of awards made under the Building Resilient Infrastructure and Communities (BRIC) program. Many co-ops depend on these and other mitigation grants to improve infrastructure resilience and ensure reliable electric service. For example, during Hurricane Helene, electric cooperatives requested FEMA funding for essential infrastructure upgrades to strengthen electric reliability, including replacing wooden poles with more durable steel poles and relocating them to safer areas less vulnerable to natural disasters. Extending grant funding for these purposes through PA Hazard Mitigation and resiliency funding programs ultimately saves taxpayer money and is common sense.

The federal per capita threshold disproportionately affects rural cooperatives, making it harder for them to qualify for assistance despite widespread damage. And inconsistent FEMA policies can threaten co-ops' financial stability and create ongoing uncertainty, as millions in funding can suddenly be revoked after initial approval.

Describe your overall experience with FEMA. Was your interaction with FEMA positive or negative? Please fully explain your experience.

The individual electric cooperative experience with FEMA is influenced by the variables described above.

By what means did you apply for benefits—was it online, in person, or over the phone? Did you encounter any difficulties?

Most electric cooperatives initially file and complete the process using the online FEMA Grant Portal, but many engage directly with FEMA staff for additional support. Cooperatives have reported communication challenges with the FEMA Customer Service Helpline due to shifting FEMA policies and eligibility criteria. Electric cooperatives also work closely with state authorities to facilitate their applications for assistance.

Were local or state authorities or private groups able to provide assistance in a more timely or efficient way than FEMA? Please fully describe your experience.

States play a vital role in disaster response, but they cannot replace FEMA's essential function in delivering federal assistance. FEMA's PA program is critical to supporting communities served by co-ops before, during, and after disasters and ensuring reliable, affordable energy. Proposals that remove access to these resources would undermine power restoration efforts, negatively affect reliability, and ultimately increase the cost of electricity.

States cannot readily replace FEMA's resiliency funding programs that incentivize grid hardening activities that help build resilience. These programs save money in the long term by reducing the amount of damage natural disasters cause.

The federal disaster assistance process needs to be more efficient and effective. The current timeline for FEMA reimbursement for co-ops is measured in years, not months. And in some cases, it takes more than five years for electric co-ops to be reimbursed for disaster costs.

Conclusion

FEMA plays a vital role in coordinating national efforts, mobilizing resources, and providing expertise during large-scale disasters that often overwhelm state and local capabilities. Electric cooperatives share the underlying view of Executive Order 14180, *Council to Assess the Federal Emergency Management Agency*, that "Americans deserve an immediate, effective, and impartial response to and recovery from disasters." Reforming FEMA's disaster response procedures will ensure that cooperatives can quickly and efficiently recover from storms without raising costs for their consumer-members. However, eliminating FEMA would significantly hinder cooperatives' ability to recover from disasters and keep electric costs affordable. Through reform, we can achieve President Trump's vision of a resilient nation that uses taxpayer dollars efficiently and effectively.

Respectfully,

Bronson Brown
Director, Regulatory Affairs | National Rural Electric Cooperative Association
4301 Wilson Blvd., Arlington, VA 22203
P: 703.907.5863
C: 703.216.5061