

February 13, 2025

The Honorable Brooke Rollins
Secretary
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Dear Secretary Rollins,

On behalf of the nearly 900 not-for-profit electric cooperative members of the National Rural Electric Cooperative Association (NRECA), congratulations on your confirmation as Secretary of Agriculture. NRECA shares President Trump's vision of a pro-energy future for America and looks forward to working with USDA under your leadership.

America's electric cooperatives comprise a unique sector of the electric industry. NRECA's member cooperatives include 64 generation and transmission (G&T) cooperatives and 832 distribution cooperatives. The G&Ts generate and transmit power to distribution cooperatives that provide it to the end of line cooperative consumer-members.

These not-for-profit entities are independently owned and governed by the people they serve. From growing exurban regions to remote farming communities, electric cooperatives provide power to 42 million Americans across 48 states. They keep the lights on across 56% of the American landscape – areas that are primarily residential and sparsely populated. Those characteristics make it comparatively more expensive for electric cooperatives to operate than the rest of the electric sector, which tends to serve more compact, industrialized, and densely populated areas.

I am writing today to request a meeting with you to discuss USDA's policy goals and NRECA's perspective on critical issues affecting electric affordability and reliability. Reliable electricity is essential to America's economic growth. And as our nation increasingly relies on electricity to power the economy, keeping the lights on has never been more important – or more challenging.

America's electric cooperatives are also committed to promoting the deployment of advanced telecommunications capabilities within the rural communities and areas they serve, and electric cooperatives are expected to play a crucial role in the development of broadband infrastructure to serve rural unserved and underserved locations.

USDA holds the tools that enable electric cooperatives to sustain and revitalize rural communities. Rural Utilities Service (RUS), in particular, which originated as the Rural Electrification Administration, is key to accomplishing this feat and has been providing loans to electric cooperatives since 1936. These loans currently operate at a negative subsidy rate as calculated by the Office of Management and Budget (OMB) and are no cost to the federal government. Almost 600 electric cooperatives have approximately \$42 billion in obligations with RUS that allow these not-for-profit organizations to construct, maintain and expand energy infrastructure.

USDA can unleash electric cooperative's capabilities by streamlining environmental reviews, easing burdensome regulations, and maintaining the funding that Congress has appropriated and USDA has committed to electric cooperatives. I have attached a list of priorities at USDA that can help achieve this goal.

America's electric cooperatives are critical partners in the Trump Administration's commitment to jumpstart the American economy. Thank you for your consideration of this request. Please do not hesitate to contact me or have your staff contact Ashley Slater, Vice President, Regulatory Affairs at (703) 907-5825 or ashley.slater@nreca.coop for additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Matheson", with a long horizontal flourish extending to the right.

Jim Matheson
CEO, NRECA

NRECA's Priority USDA Actions

Rural Utilities Service (RUS)

Electric Infrastructure Loan & Loan Guarantee Program, Rural Electrification Act of 1936

Description

The electric loan program is a cornerstone of RUS and makes loans and loan guarantees to nonprofit and cooperative associations, public bodies, and other utilities. These government backed loans finance the construction, maintenance, and expansion of electric generation, transmission, and distribution facilities in rural America.

Importance to Cooperatives

Cooperatives use financing from this program to deliver affordable, reliable electric service to 42 million people in rural America. Electric cooperatives reliably repay these loans with interest to the Treasury, so they contribute to deficit reduction. Electric loans made in fiscal year 2023 netted \$218 million to the Treasury. Many cooperatives, particularly smaller distribution cooperatives rely on this program for day-to-day operations. These guaranteed loans allow cooperatives to take advantage of loans at lower costs than would be available from traditional banks, if available at all.

NRECA Position

It is imperative that the program be maintained to continue the mission of cooperatives providing and expanding reliable and affordable energy to America's rural communities and farmers – all at no cost to the federal government.

New ERA (Empowering Rural America) Program, Public Law 117-169; SEC. 22004

Description

RUS is managing a \$9.7 billion financial assistance program (loans, loan guarantees, loan modifications, and/or grants), only eligible for electric cooperatives, to incentivize purchasing or building of new energy systems on a voluntary basis. The proposed projects will allow electric cooperatives across the Country to meet the needs of growing demand with affordable and reliable electricity.

Importance to Cooperatives

Cooperatives are eager to invest in significant new energy generation made possible by this program – the proposals submitted to RUS requested more than four times the funding available. Most of the selected projects will not be able to move forward without New ERA funding.

NRECA Position

Consistent with President Trump's leadership in achieving American energy dominance, USDA should maintain the funding provided to RUS by Congress and support timely implementation of the cooperative projects selected.

Powering Affordable Clean Energy (PACE) Program, Public Law 117-169; SEC. 22001

Description

PACE makes \$1 billion available in partially forgivable loans to energy developers and electric service providers, including municipals, cooperatives, and investor-owned and Tribal utilities, to help finance large-scale energy and energy storage projects.

Importance to Cooperatives

Cooperatives are eager to invest in significant new energy generation made possible by this program – the proposals submitted to RUS requested more than ten times the funding available. Most of the selected projects have already broken ground and any rescission of obligated funds would financially harm cooperative’s ability to provide affordable energy.

NRECA Position

Consistent with President Trump’s leadership in achieving American energy dominance, USDA should maintain the funding provided to RUS by Congress and support timely implementation of the cooperative projects selected.

ReConnect Broadband Loan and Grant Program

Description

Created by Congress with an initial budget of \$600 million in appropriations and launched in 2018, the ReConnect program has awarded over \$5 billion to bring high-speed broadband to unserved rural communities.

Importance to Cooperatives

The program has played a significant role in bridging the digital divide and is critical for electric cooperatives seeking to build robust and scalable broadband networks in and around their rural communities. USDA’s unique understanding of the economic realities and geographic challenges in rural America make it a strong partner for administering rural broadband deployment programs, such as ReConnect.

Environmental Reviews

Description

The duration of environmental reviews under the National Environmental Policy Act (NEPA) and Section 106 under the National Historic Preservation Act at RUS have consistently delayed project construction. These delays hinder resource planning for electric cooperatives and jeopardize reliability and affordability for consumer-members. RUS has undertaken a complete reorganization of the Environmental and Historic Preservation Division to address these issues, but timeliness concerns remain.

Importance to Cooperatives

Timely completion of environmental reviews ensures the completion of ongoing maintenance and construction of new projects. Delay of projects due to unnecessarily drawn-out environmental reviews is one of the most common complaints from electric cooperatives.

NRECA Position

To enable robust energy infrastructure, RUS should continue efforts to streamline and expedite the environmental review process.

Rural Energy Savings Program (RESP), 7 USC 8107a

Description

This program provides funding for rural projects via local electric cooperatives and other not-for-profit utilities. USDA provides zero-interest loans to utilities who in turn make loans to local businesses for projects that will implement energy efficiency measures to decrease energy costs for rural families and small business.

Importance to Cooperatives

Cooperatives may incorporate interest rates or administrative loan fees to cover their costs, but most importantly, allows them to be a pillar of the community and help create economic development in a rural America that many traditional banks overlook.

NRECA Position

RUS should continue to support and enhance this critical tool that provides costs savings for rural businesses and families and economic development for rural communities.

Rural Business-Cooperative Service (RBCS)

Rural Economic Development Loan and Grant (REDLG), 7 USC 1989 (a)

Description

This program provides funding for rural projects via local electric and telecommunication not-for-profit utilities. USDA provides zero-interest loans to utilities and acts as the pass through to local businesses for economic development projects that will create and retain employment in rural areas.

Importance to Cooperatives

Cooperatives may incorporate interest rates or administrative loan fees to cover their costs, but most importantly, the program allows them to be a pillar of the community and help create economic development in rural America that traditional banks often overlook.

NRECA Position

RBCS should continue to support and enhance this critical tool that provides for economic development so that rural communities can create opportunities for families to prosper.

U.S. Forest Service

Wildfire Mitigation

Description

Cooperatives serve 56% of the nation's landmass and more national forest lands than any other type of utility, creating extreme wildfire risk exposure. Cooperatives consistently work to harden their grid, trim hazardous vegetation, and mitigation for wildfire. However, public land management agencies including the Forest Service, and the Bureau of Land Management have made such efforts more challenging, expensive, and time consuming. Utilities often must seek agency approval for regular maintenance and operation activities, including tree trimming, and such approvals, even for a single hazardous tree removal or right-of-way access point, can take months or even years. Grid hardening activities, including line undergrounding or replacing a wooden pole with a metal pole in an existing right-of-way, typically require a full NEPA and historic review process. And they must leave felled timber stacked or scattered on the forest floor—adding

to the hazardous fuel load around their rights-of-way, because they cannot remove it without a timber sales agreement.

Importance to Cooperatives

Cooperatives work hard to ensure their operations are safe and well-maintained in high-risk wildfire areas but encounter serious challenges and delays with their federal land management partners. Agency inaction, red tape, and delay in critical vegetation management and grid hardening approval processes increase risk across the national forest system. Meanwhile, cooperatives are held liable under both strict and traditional liability standards if a wildfire should occur, even if the federal agency ultimately withheld timely approval for hazard tree removal or other necessary wildfire mitigation activities. The high-risk nature of operating on public lands has made sufficient insurance harder to obtain and created challenges in accessing credit and capital, which will affect cooperatives' ability to invest in their systems and to serve rural communities affordably and reliably.

It is important to note that both the BLM and Forest Service conservation initiatives also will make siting, permitting, and approvals processes even more difficult than they already are under existing mechanisms.

NRECA Position

NRECA supports the creation and/or utilization of categorical exclusions for the removal of hazardous vegetation, creation of access roads or points, and grid hardening activities in existing rights-of-way. Where categorical exclusions cannot be applied, NRECA supports the expanded use of programmatic NEPA evaluations to allow for access points or roads, and necessary vegetation management and maintenance activities. NRECA also supports the use of master special use permits, which allow utilities to consolidate special use authorizations and to provide for expedited review of maintenance and operations activities.

Currently, felled timber from vegetation management operations must be left stacked or scattered on the forest floor, adding to hazardous fuel in the forest. NRECA supports a categorical exclusion or a memorandum of understanding between cooperatives and the land management agencies, or appropriate legislative fixes, which allow for the removal of felled timber from in and around utility rights-of-way without a timber sales agreement or other existing restrictions on disposal.

NRECA supports the creation of a federal insurance backstop for utilities affected by wildfire, which utilities can draw upon to make communities affected by utility-involved wildfires whole, while continuing to offer critical electrical service to rural and impoverished communities.

Many cooperatives operate linear projects across both Forest Service and BLM jurisdictions, and across multiple field offices within each agency. Lack of consistency of policy implementation, approvals, and requirements across federal lands leads to unnecessary delay and confusion for right-of-way holders. NRECA encourages the Forest Service and BLM to work together to ensure consistency of land management policy implementation and processes between the two agencies. NRECA further encourages the Forest Service to work internally to enhance consistency of policy implementation across regional and field offices, and to ensure cohesive policy application from headquarters to the regional level across the country.

Old Growth Rule, [88 Fed. Reg. 88042](#) (Dec. 20, 2023)

Description

The U.S. Forest Service is prioritizing climate change considerations and conservation rather than sustainable use of our national forest system in its decision-making. It recently issued a draft environmental impact statement (EIS) for its Old Growth Conservation initiative, which limits utility uses of forests across the entire National Forest system and requires the revision of all 122 forest plans nationwide. Note that the U.S. Forest Service announced it will withdraw the Proposed Rule in early January.

Importance to Cooperatives

Cooperatives already encounter numerous challenges operating across the National Forest system, including arduous permitting and approval processes for regular maintenance and operations activities, vegetation management, and grid hardening activities. This rule will make operating on forest lands even more challenging by placing restrictions on right-of-way locations, widths, and infrastructure height, color, and undergrounding. The rule will also restrict cooperatives' ability to conduct vegetation management, which is critical to system reliability, safety, and wildfire prevention.

NRECA Position

NRECA supports the recent withdrawal of the proposed Old Growth Rule. Any remaining related U.S. Forest Service conservation policies, forest plan amendments, and other processes arising from the Old Growth managerial strategy should be revoked.

Strict Liability, [88 Fed. Reg. 14517](#) (March 9, 2023)

Description

The U.S. Forest Service proposed to increase strict liability caps for electric utilities operating across Forest Service-managed lands from \$1 million per incident to \$2.88 million per incident, with annual increases thereafter. The Bureau of Land Management already imposes this ever-increasing multimillion-dollar cap. Utilities are responsible for paying such amounts in the event of adverse incidents, including wildfires, even if there is no finding of negligence. Further, the Forest Service also proposed to include natural resource damages as recoverable amounts, rather than limiting damages to only fire suppression costs.

Importance to Cooperatives

Electric cooperatives operate on more forests and public lands than any other type of electric utility. Due to their not-for-profit, consumer-owned business model, cooperatives often operate on thin margins while providing reliable and affordable electricity to 92% of the nation's persistent poverty counties. Liability of this magnitude, even without a finding of negligence or fault, can cause severe financial distress or cooperative bankruptcy, and any increases in operating costs are necessarily passed on to the consumer-member, many of whom cannot afford such increases. Strict liability of this magnitude also creates challenges obtaining sufficient insurance coverage as wildfire risk continues to increase and chills investment in grid expansion projects.

NRECA Position

NRECA supports the elimination of strict liability for utility operators on public lands. In the interim, NRECA opposes the Forest Service's proposed increase to strict liability and the inclusion of natural resources damages. For consistency across land management agencies, NRECA also supports the elimination of BLM strict liability, and in the interim, the lowering of BLM's cap to \$1 million per incident. Further, NRECA supports measures that would require a finding of negligence or fault for wildfires for strict liability damages, and indefinite extension of 2018 Omnibus provisions that cap strict liability at \$500k for utilities with an approved operating agreement, which is currently due to expire in 2028.

Pacific Northwest Forest Plan Amendment, [88 Fed. Reg. 87393](#) (Dec. 18, 2023)

Description

The Forest Service is proposing to amend the 1994 Pacific Northwest Forest Plan and place restrictions on use of the national forests in that region, including prohibitions and limitations on timber production, recreation, and utility rights-of-way.

Importance to Cooperatives

Electric cooperatives operating across national forest lands in Washington, Oregon, and California already encounter regulatory uncertainty; inconsistency of policy implementation between regional offices; and constraints and Forest Service permitting and approval delays on their efforts to mitigate for existential threats like wildfire. This Forest Plan Amendment adds yet more bureaucratic red tape to an already complex regional management scheme and may further hinder cooperatives' efforts to mitigate for wildfire, and to harden and expand the electricity grid to meet ever-increasing demand.

NRECA Position

NRECA opposes the Amendment and its restrictions on utility uses throughout the Pacific Northwest. NRECA supports revocation of this proposed forest plan amendment.