

United States of America
Federal Energy Regulatory Commission
Wildfire Risk Mitigation Technical Conference
Docket No. AD25-16-000
October 21, 2025

PREPARED COMMENTS OF CLIF LANGE, CEO OF SOUTH TEXAS ELECTRIC COOPERATIVE
ON BEHALF OF THE NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

Mr. Chairman and members of the Commission.

Good afternoon. I am Clif Lange, General Manager of South Texas Electric Cooperative based in Nursery, Texas. It is a privilege to be here today to speak with you about utility wildfire risk mitigation.

Wildfire is an existential threat for electric cooperatives across the nation. It jeopardizes electric reliability and affordability for rural communities and hinders our ability to meet the surging demand brought by data centers, population growth, and the electrification of our daily lives.

I speak on behalf of my electric cooperative and its 360,000 members, and on behalf of the National Rural Electric Cooperative Association, or NRECA, which represents over 900 electric cooperatives across the nation and the millions of Americans that they serve.

America's electric cooperatives serve 56% of the nation's landmass and provide reliable and affordable electricity to over 42 million rural Americans. NRECA's member cooperatives are comprised of 64 generation and transmission (G&T) cooperatives, including South Texas Electric Cooperative, or STEC; and 832 distribution cooperatives, which include STEC's 9 member distribution cooperatives. STEC and its fellow G&T cooperatives generate and transmit power to distribution cooperatives, which then provide that power to the end of line cooperative consumer, whom we call our consumer-members.

Electric cooperatives were born under the Rural Electrification Act, to power rural and remote areas that investor-owned and other types of utilities deemed too expensive to serve. STEC was established in 1944 and has since been at the forefront of providing wholesale electric service now reaching 360,000 Texans for over 80 years.

Electric cooperatives are not-for-profit, and we were created by, and are still independently owned and governed by, the people that we serve. We pride ourselves on doing the right thing for our communities and not cutting corners where safety is concerned. Safeguarding and powering the communities we live in, while ensuring electricity remains affordable and reliable, is paramount to cooperatives across the country.

From growing exurban regions to farming communities to remote mountain towns, cooperatives continue to keep the lights on for over half of the American landscape – areas that are primarily residential, sparsely populated, and hard to reach. As in the 1930's, those characteristics, with the smaller numbers of customers per mile of line, still make it comparatively more expensive for electric cooperatives to operate than the rest of the electric sector, such as municipally-owned and investor-owned utilities, which tend to serve more compact, industrialized, and densely populated areas.

Because of our unique, not-for-profit business model, cooperatives often operate on thin financial margins. Any “profits” are returned to our consumer-members in the form of a check or a credit on their electricity bill; and any increases in regulatory compliance or operations costs are necessarily passed onto them in the form of increased electricity rates. We do not have shareholders and thus the costs of wildfire mitigation, suppression, insurance, and recovery fall on our consumer-members, as well as for any liabilities associated with wildfire events.

Electric cooperatives serve more public lands, forests, and agricultural lands than any other type of electric utility, which means they must operate and maintain tens of thousands of miles of transmission and distribution lines across over half of the nation's landmass and across several jurisdictions at the federal agency and state levels. Many electric cooperatives have service territories larger than entire states.

STEC, for example, has approximately 2,300 miles of transmission lines in 42 counties in South and West Texas. Its members serve an area that is larger than the entire state of West Virginia and only slightly smaller than the state of South Carolina.

The vast physical scope of electric cooperative systems across the American landscape means that we are perhaps the most vulnerable of all types of electric utilities to the existential threat of wildfire. Our unique business model means that we also are the most susceptible to rate increases and financial distress that wildfires can cause.

Cooperatives work hard to do our part to protect our systems and safeguard our communities by mitigating wildfire risks in and around our rights-of-way. These processes include regular system inspections and the removal of hazardous vegetation, as well as routine vegetation management. Cooperatives also invest in infrastructure upgrades, such as replacement power poles, lines, and insulators. For some cooperatives, deploying advanced technologies to inspect systems and to monitor for fire risk are also options.

Our unique business model and the size of our footprint across the landscape mean that cooperatives are incredibly familiar with interagency processes and federal permitting procedures. Most cooperatives are borrowers through the U.S. Department of Agriculture Rural Utilities Service; which finances many grid expansion and wildfire mitigation projects via grants and loans that are repaid with interest. Cooperatives also participate in energy grant programs through the U.S. Department of Energy and other federal agencies. The use of federal loans and grants means that many cooperative wildfire mitigation projects, even on private land, have a federal nexus and must go through National Environmental Policy Act (NEPA), endangered species, and historic preservation permitting processes.

Often cooperatives are subject to the jurisdiction of several different federal agencies, and their sometimes inconsistent permitting policies, for just one powerline. These permitting processes can increase costs, and corresponding electricity rates for our member-consumers; and delay wildfire mitigation projects which can put communities and the bulk power system at risk.

While the area STEC serves in Texas does not include many federal lands, cooperatives who operate on federally managed public lands and national forests have experienced even further regulatory red tape and delays. My colleagues out west especially have waited months or even years to obtain permission from federal land management agencies to remove even a single hazardous tree or to replace a wooden pole with a metal pole or to underground a line. And some cooperatives must navigate the uncertainty that arises from inconsistent land management policies between regions and between federal land management agencies.

For these reasons, cooperatives continue to urge the federal government to expedite, simplify and streamline the utility wildfire mitigation permitting processes; to make policies consistent between land management regions and between federal land management agencies; and to prioritize comprehensive improvements to public land and forest health to reduce wildfire risk in the environments in which we operate.

Cooperatives also are subject to multiple layers of liability for wildfire events. While there are few federal public lands in the areas that STEC serves, my colleagues at other cooperatives who operate on Forest Service and Bureau of Land Management lands are subject to strict liability, or liability without a finding of fault. This means that if a shed blows from its foundation on a private landowner's property onto a power line; or a tall tree well outside of the utility's right-of-way falls onto a line on public lands, the cooperative is automatically on the hook for at least \$1 million if it's a national forest, and nearly \$4 million if it is on Bureau of Land Management lands. Again, even if the cooperative is not at fault for the fire. In addition, cooperatives that operate on federally managed public lands must pay fire suppression costs and natural resources damages, which is the value of the burned timber or grazing allotment, which also can total millions of dollars.

At the state level, cooperatives can also be subject to uncapped tort liabilities that can reach tens of millions and sometimes even billions of dollars; and some states also impose strict liability on utilities. However, some states, including Texas, are limiting liability to cooperatives and utilities that mitigate wildfire risks. And wildfire related litigation can result in years-long legal battles with significant expenses, further straining cooperative resources and ultimately burdening our end-of-the-line consumer members.

As not-for-profit entities, serving primarily rural communities, some cooperatives have annual operating budgets of less than \$3 million, and nearly all operate on thin financial margins. Liabilities of this magnitude are passed onto the member-consumer in the form of increased electricity rates, which have the potential to bankrupt the cooperative. Thus, even one small fire can jeopardize not only electric reliability, but also affordability for an entire region of the country. Liabilities of multiple millions or billions of dollars would be, to say the least, devastating to a cooperative and the rural communities it serves.

The risk of wildfire also makes obtaining sufficient insurance at an affordable rate challenging, and sometimes impossible. While many cooperatives work closely with our insurers to put together wildfire mitigation plans, some of my cooperative colleagues out west are nevertheless concerned that insurance may not be available at all in the next few years. Across the rest of the country, cooperatives are also concerned about the impact of increased fire risk on our insurance rates and insurance availability across the nation.

Further, those cooperatives operating in high-risk areas also have encountered increasing challenges accessing capital, which is necessary to expand utility systems to meet the unprecedented demand brought by data centers, population growth, and the electrification necessary for our daily lives. The wildfire threat directly

correlates to grid reliability and affordability, and increasing wildfire risk will continue to affect the insurance market and our access to capital.

To be clear, wildfire is not just a western issue. It is a national issue. The U.S. Forest Service predicts that the risk of fire will shift to the eastern half of the nation in the coming years. Indeed, we've seen devastating wildfires throughout the eastern and southeastern seaboard, the Appalachians, and in my home state of Texas. Wildfires are a very real issue for STEC. While our transmission system was thankfully not involved in the historic and devastating 2024 wildfires in the Texas panhandle, STEC has nevertheless experienced wildfires and has had to navigate wildfire risk.

Just this last spring, the failure of a wooden STEC transmission pole in a high wind event sparked a blaze that encompassed approximately 350 acres. On the same day a second failure of a recently tested and passed pole sparked a separate fire of approximately 80 acres. With our knowledge of our system, using our emergency management contacts in the local area, our ability to remotely manage equipment, our use of heat-seeking technologies to locate hot spots in substations, and working side by side with our member cooperatives which know the status of their distribution lines and any downed distribution feeders, we are able to adjust to, and manage, the particular wildfire threat. Fortunately, we have not yet experienced a wildfire of more than a few hundred acres. And we intend to keep it that way.

We engage in proactive and aggressive wildfire mitigation across our thousands of miles of system. These measures include routine inspections to detect potential failures before they occur; deployment of advanced conductors to reduce sagging of transmission lines; rebuilding some lines to increase resiliency; utilizing drone technology for system inspections. Because risk in our system correlates with wooden poles, we also place single wood pole lines on "non-reclose" to minimize risk during red flag warnings. And we require inspection of wood pole lines that are opened automatically by protective relays while reclosing is not enabled.

The Public Utility Commission of Texas has for years required a Wildfire Mitigation annex to be included in Emergency Operations Plans. And recently, the Texas Legislature passed a law that requires the PUCT to establish additional substantive rules that focus on oversight of utility wildfire mitigation efforts and provide some corresponding limitations of liability for utilities that mitigate wildfire risk. STEC is doing its part and has already implemented many of these standards that are currently under discussion in the development of wildfire risk mitigation rules.

I have heard from many of my cooperative colleagues in the west that their state legislatures also have been passing legislation to set wildfire mitigation standards, in exchange for some reasonable caps on state level liabilities. Cooperatives were key to the passage of this legislation because of the unique role they play in ensuring the lights affordably and reliably stay on in rural America.

A key feature of much of this state legislation is that it is “opt-in” and workable for electric cooperatives, as well as our partners in investor owned and public utilities. Cooperatives are governed by boards of directors composed of members of the communities we serve. In STEC’s case, we are governed by a Board of Directors consisting of representatives from each of our nine member cooperatives. These board members are proud residents of their communities, and they understand their member distribution cooperative systems and the unique risks to their systems better than anyone.

This “opt-in” model seen in some of the state legislation is crucial for cooperatives, because it provides the flexibility to decide whether participating in a wildfire mitigation plan is necessary and appropriate for their cooperatives based on their unique risk profile. While Texas currently requires PUCT approval for wildfire mitigation plans, some states allow cooperative Boards to approve their wildfire mitigation plans instead of an outside regulatory body. This approach can be helpful to ensure that cooperatives have the flexibility to tailor their wildfire mitigation plans specifically to their system; rather than to arbitrary standards that apply to everyone, and which may not be workable for a cooperative.

Similarly, as FERC considers the possibility of federal wildfire mitigation standards or practices, it is critical that such standards are workable for cooperatives. For example, it would be helpful if any national standards or practices remain “opt-in” and allow for a cooperative Board approval model for wildfire mitigation plans. It is critical that cooperatives can continue to have the flexibility to determine what sort of wildfire mitigation is appropriate for their cooperative and their community.

The majority of cooperatives are not subject to FERC jurisdiction, and we also urge against any requirements that would inadvertently extend FERC oversight over these cooperatives. We also encourage FERC to remain mindful of existing and future state wildfire mitigation and liability protection statutes, so as not to preempt the important protections, standards, and benefits that these laws already afford to electric cooperatives.

Importantly, every utility system and risk profile is unique. What works for one cooperative may not work for another. For example, some cooperatives employ public safety power shutoffs during high wind events; while

others find that such shutoffs cause more harm than good for their systems and communities, opting instead to mitigate for wildfire in other ways. Some cooperatives deploy sophisticated technology to inspect their system and monitor for wildfire; and others utilize in-person inspections and real-time monitoring. This is the result of localized, operational decision-making by the people who know their systems and communities the best. It helps ensure the best possible electric service for each community served and helps to keep electric service affordable.

Thus, any sort of wildfire mitigation requirements at the federal level should be optional and flexible. Such requirements also should be cost-effective, particularly given the impact that increases in regulatory compliance costs, technologies, and wildfire mitigation projects have on electricity rates for rural Americans.

We appreciate our partnership with FERC and other agencies of the federal government in addressing this growing, very real risk. We look forward to working with you as you develop a wildfire strategy moving forward.