NRECA
America's Electric Cooperatives

June 8, 2026

<u>Submitted via Federal eRulemaking Portal at Regulations.gov</u>

Mr. Michael Miron
Committee Management Officer
Office of Partnership and Engagement
Mailstop 0385
Department of Homeland Security
2707 Martin Luther King Jr. Ave., SE
Washington, D.C. 20032

Re: NRECA Comments on FEMA Review Council Final Report; Docket No. DHS-2026-0067

Dear Mr. Miron,

The National Rural Electric Cooperative Association (NRECA) has remained actively engaged in Federal Emergency Management Agency (FEMA) Review Council activities since our initial submission of comments in May of 2025 and seeks to ensure FEMA Public Assistance (PA) reforms protect and strengthen rural electric cooperatives' access to reliable, effective and timely disaster funding. **We appreciate the opportunity to comment on the FEMA Review Council Final Report and highlight four key concerns associated with the recommendations contained within, including: 1) the parametric funding model, while offering potential benefits, may undermine access, reliability and fairness if not carefully designed and implemented, 2) the per capita threshold increase, 3) the minimum federal cost share reduction from 75% to 50%, and 4) variability in state implementation.** Also included are NRECA's legislative FEMA reform priorities.

NRECA represents more than 890 consumer-owned, not-for-profit electric cooperatives that provide electric service to approximately 42 million Americans across 48 states. Electric cooperatives own and maintain 42 percent of the nation's electric distribution lines, covering 56 percent of the U.S. landscape, including many areas that are most vulnerable to severe weather and disaster events.

Every year, NRECA's member cooperatives lose critical facilities and infrastructure (including, but not limited to, substations, poles, lines, and transformers) to ice storms, tornadoes, floods, hurricanes, and other events. If this damage is caused by an event declared to be a disaster by the President of the United States, then many of the cooperatives' response and recovery costs are eligible for reimbursement through grants from FEMA. Grants authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) and administered under FEMA's PA program are critical to help electric cooperatives recover from disasters and get the lights back on quickly and safely.

In the wake of a disaster, electric cooperatives strive to restore their systems without raising rates. However, 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: FEMA reimbursement under the Stafford Act or self-funded recovery, which usually involves borrowing disaster recovery funds from either the U.S. Department of Agriculture's Rural Utilities Service (RUS) or private lenders such as the National Rural Utilities Cooperative Finance Corporation (NRUCFC) or CoBank. Self-funded recovery is likely to ultimately involve rate increases to consumer-members.

As natural disasters increase in frequency and severity, we commend the FEMA Review Council's overarching commitment to programmatic FEMA reform to strengthen preparedness, response, and recovery while reducing administrative burden. Reform must be tailored to protect rural electric cooperatives and the communities they serve. Without this assistance, many consumer members living in rural disaster-stricken areas would face significantly higher electric rates. Although the report is a positive step in identifying opportunities to improve program efficiency and strengthen FEMA's vital role in supporting resilient critical infrastructure after a disaster, we highlight four key concerns associated with the FEMA Review Council's Final Report recommendations.

NRECA's Key Concerns with FEMA Review Council Final Report

Shift to Parametric (RAPID) Funding Model: Faster, but Less Accurate and Fair. While the shift to a parametric (RAPID) model may offer potential benefits in terms of reimbursement speed and predictability, the use within PA for rural electric cooperatives presents significant risks that must be carefully addressed to ensure it does not undermine access, reliability, and fairness of federal disaster assistance.

Parametric approaches rely on pre-defined triggers such as wind speed, flood stage, disaster scale, and similar metrics rather than actual damage assessments. This means funding might not align with the true costs of restoring rural electric systems that often involve extensive line miles and dispersed infrastructure. Low-density population areas typically have higher costs of service and are likely to be proportionally less supported under any parametric system that fails to account for density. In addition, parametric model outcomes are highly dependent upon design choices, including selected metrics, threshold calibrations, weighting of variables, etc. For rural electrical systems, these methodological assumptions may fail to capture key cost drivers that influence restoration complexity, such as extensive service line mileage, difficult terrain, dense vegetation, and varied line configurations. These model limitations are further compounded by the fact that rural areas frequently have less dense weather monitoring networks and are more prone to microclimate variation, meaning trigger data may not accurately reflect localized impacts. Collectively, these factors introduce greater uncertainty in federal assistance and may shift even more financial risk to electric cooperative consumer-members at the end of the line.

Superstorm Sandy is just one example that illustrates the risk associated with relying on parametric models to trigger eligibility for FEMA PA. Despite nearly $70 billion in damage, its primary impacts came from storm surge and flooding, not extreme winds. A wind-based parametric trigger could have failed to activate or underestimated assistance, showing how hazard metrics can diverge from actual needs. Even with more complex parameters, models cannot match the accuracy of cost-based reimbursement, and shifting away from this approach is likely to disadvantage rural areas.

Ensuring equitable access to federal assistance must remain a core consideration in any program redesign, as the financial resilience of rural electric cooperatives and the health of rural communities is directly tied to the reliability and adequacy of FEMA assistance. NRECA recommends continuing actual damage cost reimbursement to electrical cooperative infrastructure or phasing in project-based, prospective funding with clear guidelines and eligibility as described below.

Per Capita Threshold Increase: Disproportionate Harm to Rural Communities. An increase in the per capita impact threshold for FEMA PA as proposed in the final report would significantly disadvantage rural communities served by electric cooperatives by reducing access to federal disaster assistance. For rural areas with smaller populations, even severe and costly damage to electric infrastructure—often spread across extensive, low-density service territories—may not meet elevated thresholds despite substantial impacts. As a result, rural communities will be excluded from critical federal support following storms that cause power outages and costly damage.

Over time, reduced access to federal funding hinders timely recovery and limits investments in infrastructure including system hardening and resilience measures, increasing vulnerability to future events. This challenge places sustained financial pressure on rural electric cooperatives and their consumer-members leading to higher rates, deferred maintenance, reduced electric grid integrity, and compound economic challenges in rural communities that depend on reliable and affordable electric service. NRECA recommends reducing or maintaining the current per capita threshold.

Minimum Federal Cost Share Reduction from 75% to 50%: Increased Financial Risk. Reducing the FEMA PA federal cost share from 75% to 50% would significantly increase financial risk for rural electric cooperatives, which already operate on thin margins and serve geographically dispersed, lower-density customer bases. These not-for-profit utilities rely heavily on federal cost-sharing after disasters to repair transmission and distribution systems, remove debris, and restore power quickly. A lower federal share would shift substantially more costs back to cooperatives, forcing them to take on debt, defer system improvements, and pass costs onto their consumer-members through higher rates. This would weaken the long-term financial stability of co-ops and limit their ability to invest in resilience measures to reduce future disaster impacts.

The downstream effects on rural communities would be substantial. Rural areas are often more vulnerable to prolonged outages due to remoteness and limited alternative infrastructure, and slower or underfunded recovery efforts could extend disruptions to critical services. Increased financial strain on cooperatives could also translate into higher electricity costs for rural residents, who typically have lower incomes on average, exacerbating economic hardship after disasters. Overall, lowering the cost share risks creates a cycle of slower recovery, reduced resilience, and greater vulnerability for rural communities that depend on electric cooperatives for essential services. NRECA recommends maintaining or increasing the current 75% federal cost share.

Variability In State Implementation: Inequitable and Inconsistent Outcomes. Implementing the RAPID model for Public Assistance funding introduces substantial risk of inconsistent application across State, Local, Tribal and Territorial (SLTT) organizations, particularly in combination with a reduced federal cost share. The RAPID framework places greater responsibility and authority on SLTT; however, capacity to administer this model fairly and effectively varies significantly. States with more robust staffing, experience, and financial flexibility may be better positioned to implement the new program and provide supplemental support, while others may adopt more restrictive or fragmented approaches. This divergence is likely to result in uneven standards for project development, reimbursement, and oversight, undermining reliable and predictable recovery assistance nationwide.

For rural electric cooperatives, these inconsistencies are compounded by the likelihood of increased competition for limited state-level funding. As the non-federal share grows under a reduced cost share, states face difficult decisions about how to allocate scarce resources among applicants. Rural electric cooperatives often serve smaller, lower-density populations and will likely be disadvantaged in these intra-state prioritization processes. Even though electrical services are essential for the safety of disaster-stricken communities, states may favor projects perceived to benefit larger populations or more visible infrastructure. This dynamic could delay or limit funding for critical electric system repairs, even where damage is severe, slowing power restoration and recovery in rural areas. The resulting disparities could undermine equitable access to assistance and create uncertainty for cooperatives attempting to plan and execute restoration projects, potentially increasing financial strain and prolonging service disruptions.

These challenges would be exacerbated for electric cooperatives who operate across multiple states and may face conflicting administrative expectations despite being subject to a single federal program. Without stronger, clearer guidance, and enhanced program details and clarity, this structure risks creating geographic inequities in disaster recovery assistance and undermining fairness, consistency, and accountability. NRECA recommends assurance of consistent administration across jurisdictions to maintain the integrity of the PA program and deliver equitable recovery outcomes nationwide.

NRECA's Legislative Reform Priorities

The FEMA Review Council Report advocates that legislative action is needed to ensure durable, system-wide reform. NRECA supports the common-sense reforms contained within the Fixing Emergency Management for Americans (FEMA) Act of 2025 (H.R. 4669) because it contains many of NRECA's reform priorities outlined below. On October 27, 2025, NRECA urged the FEMA Review Council to incorporate those policy reforms into the final report. Although we appreciate the council's acknowledgment of legislative requirements, we want to take this opportunity to reiterate NRECA's five policy reform priorities:

Reduce delays in receiving funds once PA 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. The FEMA Act envisions a faster, up-front payment to states based upon projects, which would help shorten long reimbursement timelines while also providing more certainty to electric co-ops than a parametric model.

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 consistently reimburse interest on these loans as an eligible cost incurred after a disaster.

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 PA 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 non-profits 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 threshold 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.

To date, over 76,000 grassroots letters have been sent to Congress, reflecting strong support for smart FEMA reform from rural electric cooperatives and the communities they serve. These letters highlight FEMA's vital role in restoring electricity and unleashing American energy after disasters.

NRECA appreciates the opportunity to comment on the FEMA Review Council Report and will continue to support efforts to enhance the effectiveness of FEMA programs for rural electric cooperatives. By improving program accessibility and recognizing the unique needs of rural America, FEMA can significantly impact disaster preparedness, response, and recovery. We appreciate consideration of these comments and will continue collaborating on solutions that strengthen outcomes for the communities electric cooperatives proudly serve.

Should you have any questions, please contact me at kelli.phillips@nreca.coop.

Kelli Phillips

Kelli Phillips
Regulatory Affairs Director
National Rural Electric Cooperative Association
4301 Wilson Blvd. Arlington, VA 22203