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October 3, 2022

Mr. Tod Wells
Recovery Directorate
Federal Emergency Management Agency
500 C St., S.W.
Washington, DC 20472

RE: Public Assistance Program's Simplified Procedures Large Project Threshold – Docket ID FEMA-2022-0020

Dear Mr. Wells:

The National Rural Electric Cooperative Association (NRECA) appreciates the opportunity to comment on FEMA's increase to the threshold for small projects, or those eligible for simplified procedures. We wholeheartedly support the increase for reasons discussed below.

As you know because of the longstanding partnership between FEMA and our organization, NRECA is the national service organization for more than 900 private nonprofit rural electric utilities that provide electric energy to over 42 million people in 48 states.

Every year, ice storms, tornadoes, floods, hurricanes, and similar natural disasters destroy NRECA's member cooperatives' critical facilities and infrastructure (such as poles, lines, and transformers). If this damage is caused by a major disaster declared by the President of the United States, then many of the cooperatives' response and recovery costs are eligible for reimbursement through grants from FEMA. These grants, authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act and administered under FEMA's Public Assistance Program, can amount to tens of millions of dollars and are critical to the ability of cooperatives to recover from disasters and get the lights back on quickly and safely. The grant program best serves its purpose when it is adequately funded by Congress and efficiently administered so that meritorious cost reimbursement grants are speedily disbursed and subject to minimal or no risk of deobligation. NRECA's member cooperatives are best positioned to support the communities they serve and help restore strong local economies when the grant program is administered fairly and efficiently and offers certainty.

Increasing the small project threshold to \$1,000,000 from its current level of \$132,800 will, as FEMA notes, “greatly reduce the administrative burden and resources spent by FEMA and recipients... This reduction in administrative burden would result in expedited funding, facilitating quicker recovery in these areas.”¹ As FEMA notes in the Final Rule, the increased number and severity of natural disasters has unfortunately given FEMA, applicants and subapplicants many opportunities to fine tune project cost estimates which form the basis for reimbursement for projects using simplified procedures.

The reduction in administrative requirements will be especially meaningful to small electric cooperatives that, due to their geography and the economically stressed populations many of them serve, have lean and efficient staffs that don’t necessarily have the bandwidth to complete the large volume of complex paperwork associated with larger projects.

Another advantage to the higher threshold involves the reduction in time for payment of Public Assistance grants for small projects. Electric cooperatives borrow funds while waiting for FEMA reimbursement. Those funds come with interest costs that increase as time passes waiting for reimbursement. To the extent the use of small project requirements may be utilized, borrowing and interest costs may be reduced.

In short, raising the threshold definition for small projects will benefit FEMA, applicants and subapplicants in the form of reduced administrative burden and reduced costs. We wholeheartedly endorse FEMA’s decision, the analysis supporting it and the Final Rule.

Respectfully submitted,



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¹ 87 FR No. 148 at 47360.