

Delays in FEMA Disaster Aid Exacerbate COVID-19 Impacts

Key Facts

- FEMA disaster relief funding is essential for electric cooperatives to restore electric service after major storms or disasters, especially in small communities that cannot fund major restoration efforts.
- Delays in this assistance dramatically increases the time and expense for recovery.
- Congress should direct FEMA to swiftly provide pending funds to co-ops who have restored their systems that were devastated by past disasters.

FEMA is Vital to Electric Co-ops' Disaster Restoration

Electric cooperatives depend on FEMA's Disaster Relief Fund (DRF) to help restore electric power to consumer-members after presidentially declared disasters, including floods, fires, hurricanes, tornadoes, and ice storms. These disasters can have a disproportionate impact on electric cooperatives and their consumer-members, due in large part to small communities having to bear the cost of recovery. Without FEMA reimbursement assistance, many co-op consumer-members in disaster-stricken areas would face significantly higher electric rates.

All electric systems can receive federal assistance for recovery after presidentially declared disasters. Investor-owned utilities, as for-profit entities, use federal tax deductions and other accounting mechanisms to offset expenses for restoring power. Electric co-ops, however, are not-for-profit entities, and as such cannot use the same mechanisms.

Congress identified the Disaster Relief Fund as the appropriate vehicle to offset disaster expenses incurred by electric cooperatives. When an electric cooperative service territory is included in a presidentially declared disaster area, FEMA may reimburse a co-op for up to 75 percent of the allowed costs of replacing damaged and destroyed co-op facilities. The co-op provides additional funds and is responsible for restoring service to pre-disaster levels.

FEMA Delays Add Stress in Affected Communities

Many communities impacted by disasters have encountered stalled recovery due to a delay in receiving FEMA reimbursements. For example, unpaid FEMA reimbursements to electric co-ops in Florida alone total more than \$200 million. Some co-ops are still waiting for reimbursements from Hurricane Matthew in 2016. The COVID-19 global pandemic has caused significant stress on our economy nationwide.

During this enormous economic and operational challenge, it is vital that the federal government avoid further stress to those businesses and communities still suffering from the impacts of prior natural disasters.

To avoid this, Congress should break the funding logjam by directing FEMA to swiftly provide pending funds to the communities that have been devastated by past disasters.

Contact: **Bridgette Bourge, NRECA**

703-907-6386

bridgette.bourge@nreca.coop

Billie Kaumaya, NRECA

703-907-6460

billie.kaumaya@nreca.coop

Martha Duggan, NRECA

703-907-5848

martha.duggan@nreca.coop