SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS' HYBRID MEETING
TRUSTEES ROOM AT THE LIBRARY
JUNE 25, 2026, AT 6:00 P.M.

Present for the Board: Chair John Hine, Vice Chair Paul Dobosh, Ron Coutu, Darren Hamilton, Tom Terry

Present for SHELD: General Manager Sean Fitzgerald, Director of Operations Adam St. Martin, Administrative Services Specialist Kim Mendoza, Administrative Specialist-Human Resource Coordinator Holly Merchant, Financial Manager Michael Conchieri, Accounting Manager Lisa Dubord

Guests: Meyers Brothers Kalicka PC Howard Cheney, Mia McDonald, Karen Korpinen

The virtual meeting was called to order at 6:01 PM by Chair Mr. Hine

Minutes Approval:
5/28/2026 Open Session:
On a motion by Mr. Dobosh seconded by Mr. Terry, it was
VOTED: To approve the open session minutes of May 28, 2026, by roll call vote: Mr. Coutu-aye, Mr. Terry -aye, Mr. Dobosh-aye, Mr. Hamilton-aye, Mr. Hine-aye.

5/28/2026 Executive Session:
On a motion by Mr. Terry, seconded by Mr. Dobosh, it was
VOTED: To approve, and release as redacted, the executive session minutes of May 28, 2026, by roll call vote: Mr. Dobosh-aye, Mr. Terry-aye, Mr. Hamilton-aye, Mr. Coutu-aye, Mr. Hine-aye.

2025 Audited Financial Statements Report & Presentation:
Howard Cheney, Mia McDonald, and Karen Korpinen of Meyers Brothers Kalicka PC presented a high-level overview of SHELD's 2025 financial statements and related audit. SHELD has received an unmodified opinion, which means SHELD used appropriate accounting policies, no significant audit adjustments had to be made, and there were no disagreements with management. As part of audit engagement, we do not make any significant audit adjustments to the numbers presented by SHELD.

Ms. McDonald presented summary slides and spoke to the lines with substantial changes from 2025.
There was an increase of $1.5 million in 2025 operating revenue which reached $22.9 million. This was driven by a mix of industry-wide rising electricity costs and expanded fiber customer enrollment.

SHELD's operating expenses for 2025 were $21.8 million, an increase of $1.8 million from 2024 primarily due to significantly increased power cost and higher kilowatt sales. SHELD's operating income of $1.1 million in 2025, was consistent to $1.3 million in 2024. Investment income revenues of $643,000 increased due to market performance.

Net position experienced an increase of $1.5 million in 2025, which is slightly lower than 2024 increase in net position which was $1.6 million.
Total assets for 2025 were $49.8 million which is up about $2.5 million from 2024 assets of $47.6 million.

Mr. Cheney reviewed the OPEB funds that are set aside for the retiree's health benefits and the required Hampshire County retirement funding. SHELD has little control other than making the annual pay as you go contributions. Other Post-Employment Benefits increased from $900,000 to $2,132,000 in part due to some significant claims in the retiree health plan.

Total Liabilities and Deferred inflows increased for 2025 to $22.4 million from $21.7 million in 2024. The net position (Equity) of $27.4 million showed an increase of $1.5 million for 2025 over the 2024 net position. The equity components are all positive numbers, which is rare in the municipality sector, and is positive for the department's position.

Ms. McDonald displayed a 5- year analysis of Operating Revenues broken into the customer type which included fiber revenues.

Ms. McDonald shared the updates to the Management Comment Letter which are recommendations and best practice suggestions from the prior year. There were new recommendations for the current year. The first update was for a comprehensive policy manual. Auditors suggested that the department implement a company manual, which was created as suggested.

The next was separation of duties and controls over disbursements, billing, and receipting which the auditors previously recommended. The auditors noted that it has not been addressed due to the organization's small staff size. The auditors noted that there has been improvement in the use of a perpetual inventory management system. They suggested that continued use of the system continue to be monitored going forward.

On a motion by Mr. Terry, seconded by Mr. Dobosh it was:
VOTED: To accept and approve the 2025 Financial Audit, by roll call vote: Mr. Hamilton-aye, Mr. Dobosh-aye, Mr. Terry-aye, Mr. Coutu-aye, Mr. Hine, -aye

Public Comment:
No public comments

Manager's Report
Outages: There were five outages. Two of the outages affecting 88 customers. Four were due to animal contact, one to tree contact on Park Street for 4.5 hours, impacting 7 customers.

Fiberspring Update:
Mr. Fitzgerald shared Fiberspring notable achievements in the past month. SHELD connected our 3,000th fiber customer, and we continue to grow, bringing the town's take rate to 54%. Fiberspring continues to grow steadily at roughly 300 new connections a year, heavily driven by word-of-mouth and marketing efforts. Mr. Fitzgerald thanked Ms. Frazier and Fiberspring team for achieving 3000 customers, stating it is a remarkable achievement.

Mr. Fitzgerald shared that SHELD's Network Engineer met with the contractor for Stonybrook Village to discuss pathway options. Hadley Village is waiting for their electrician to give them a quote on "make ready" work. SHELD plans to begin installing customers at The Meadows in mid-July. We do not currently have any requests from other towns to discuss fiber construction, but we will continue to work on constructing South Hadley MDUs.

March 2026 Financials:
Mr. Conchieri presented PowerPoint slides as he gave a brief overview of the financials for the month ending March 31, 2026.

Kilowatt hour sales of 31,577,000 for 2026 were up by 2.97% from 2025 or 910,000 kilowatt hours. Year-to-date operating revenues of $4,956,000 were down from 2025 by 7.49% or about $402,000, consisting of an increase of $159,000 in volume and a decrease of $561,000 in price as energy sold at a lower rate.

The 2026-kilowatt hour purchases of 31,102,000 were up by 2.39% from 2025, or 725,000. The cost of power sold of $3,603,000 was up by about 10.94% from 2025, or $355,000, consisting of an increase of $77,000 in kilowatt hour purchase volume, and an increase of $278,000 in purchase price. This was due to the cold snap in the first of the year, which raised prices even further.

The increase in revenue was less than the cost of power; therefore, the net revenue of $2,466,000 was down from 2025 by 21.59% or $679,000. The actual net revenue was down from the budgeted amount by $789,000.
All other 2026 operating expenses of $2,600,000 on a combined basis, were up from 2025 by about $213,000 and down from the budgeted amount by $38,000. March 2026 ended with a net YTD loss of about $171,000, compared to the 2025 gain of $880,000 and not as good as the budgeted amount of $783,000.

Mr. Conchieri stated that utility rates operate on a 3-month trailing cycle and if there is a difference between the actual and projected amounts, then rates are adjusted in the next quarter.

PUMIC Employment Practices Liability Insurance:
Mr. Fitzgerald shared information from SHELD's insurance provider, PURMA, who has indicated that there will be a vote in September to make commissioner training mandatory for municipal utilities to maintain employment practices liability insurance coverage. This requirement is due to significant increases in the legal cases of board discrimination they are experiencing. SHELD requests that the board take the training, or watch the training as directed by PURMA on its online segment. This is so SHELD is covered if someone files a complaint against the board.

MDLM Fund Legal Opinion:
Mr. Fitzgerald summarized the comprehensive legal opinion from Attorney Nick Scobbo regarding the authority of SHELD's board to direct use of the Reserve Trust Fund. Mr. Coutu had requested that the use of the funds be towards the new building. Mr. Fitzgerald explained legal oversight and management of the utilities reserve funds reside explicitly with the utility's operational management team, rather than the board. Mr. Fitzgerald stated although he would like to work alongside with the board on making decisions regarding the Reserve Trust Fund, the formal allocation authority over this fund is with management.

Mr. Coutu did not realize that management was the final authority in use of this fund. He mentioned that he read in the legal opinion that the funds were used in 2018 for funding fiber. Mr. Fitzgerald explained that management presented a recommendation to borrow and pay back the fund. Mr. Fitzgerald stated management gave a financial recommendation and that the Board of Commissioners agreed with the recommendation.

Mr. Conchieri explained how SHELD is intending to use $1 million from the depreciation fund toward building-related land acquisitions and related costs. Additionally, the rate stabilization fund will be used in the first 4-5 years to reduce rate increases for the towns rate payers. SHELD will be borrowing from the rate stabilization fund and then repaying the fund.

New Building Financing:
Mr. Fitzgerald stated that included in the board packet is a "reimbursement resolution" which is the first step in the process for financing of the new building construction and does not constitute a binding obligation of SHELD to issue debt.

This resolution is to ensure SHELD is compliant with tax regulation requirements, which will be requested by tax counsel for the financing of the new building. This is the precursor to the new construction financing vote. It simply acts as the legally required mechanism to permit loan proceeds to reimburse capital expenditures occurred in the initial stages of design/survey work. This is not a debt vote; it's a reimbursement resolution to be compliant with tax laws.

Mr. Hine said at the next meeting the board will vote to authorize the construction loan.

On a motion by Mr. Dobosh, seconded by Mr. Terry
VOTED: To approve the Reimbursement Resolution as presented to the board, by roll call vote: Mr. Terry-aye, Mr. Coutu-aye, Mr. Dobosh-aye, Mr. Hamilton-aye, Mr. Hine-aye.

Off Peak Rates/Time of Use:
Mr. Fitzgerald presented a PowerPoint presentation about Peak Rates/Time of Use. Mr. Fitzgerald explained that only 3 of 41 Municipal Light Plants in Massachusetts currently utilize mandatory or pilot TOU structures: Belmont, Groton, and Concord. Research shows rates in these three MLPs are the highest in the state. He explained there is significant cost and staff to implement and administer TOU rates., $200k for a cost-of-service study plus 2 full-time staff to manage the project. Mr. Fitzgerald explained that customers and families who could not shift their load would have higher bills. Mr. Fitzgerald displayed the rates and charges for the 3 municipals whose rates are considerably higher than South Hadley's rates and are in the top tier of rates in the State.

Mr. Fitzgerald's recommendation remains the same, now is not the right time or most effective at reducing peak. A 3MW battery storage project is the most equitable peak reduction solution. Replacing SHELD's billing enterprise software system needs to happen first. It was agreed they would discuss again in the future.

Resident Catherine Allen voiced concern that she did not understand why it would cost $250,000 for the town to manage the time of usage rates. Her second question was whether we had any estimates as to how demand will increase in the future. She then stated that an executive order was made in Massachusetts about securing an energy supply plan, which is about time of use rates for suppliers that are publicly owned.

Mr. Fitzgerald started to explain that the cost of $200-$250k is an estimate based on hiring 2 full-time employees with benefits to administer TOU rates, and that as a small MLP more employees would need to be hired. MMWEC forecasts electrification for the next 3-5 years, there hasn't been an increase yet. TOU rates can be started relatively quickly after implementing a new billing system, but at considerable cost.

Battery Storage Update:
Mr. Fitzgerald gave a brief overview of the Battery Storage project. Mr. Fitzgerald stated it would be located at the Pineshed substation on Pine Street in South Hadley, SHELD owns the land where Pineshed sits. The project is a 3 megawatt/ 15 megawatt hours project which can supply 10% of SHELD energy for 5 hours.

SHELD partnered with Lightshift Energy who will manage the battery storage on behalf of SHELD. They are actively managing 6 systems currently. There will not be any significant cost to SHELD, the vendor puts forth the capital, and SHELD is going to share in the savings. The savings are at an estimated $6 million over 20 years using the system as a peak shaving resource.

Mr. St. Martin explained there are purchase and sale agreements fully executed for parcels adjacent to Pineshed substation for the battery siting. Drafted deeds have been sent to Eversource legal counsel, with the sign off expected in two weeks.

Mr. St. Martin explained next steps will be launching the local property entitlement processes, securing the site plan with the zoning board, the tree warden, and coordinating structural safety/response evaluations alongside local fire districts, and initiating construction early next year.

Old Business:
No Old Business

New Business:
No new Business

Adjourn:
On a motion by Mr. Dobosh seconded by Mr. Terry, it was unanimously
VOTED: To adjourn the meeting, by roll call vote: Mr. Hamilton-aye, Mr. Coutu-aye, Mr. Terry-aye, Mr. Dobosh-aye, Mr. Hine, -aye.

The open session ended at 7:44 pm.

Signed by:
Darren Hamilton
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Darren Hamilton, Light Board Clerk

Approved: July 23, 2026

South Hadley Electric Light
DEPARTMENT

EXIBIT A
List of Documents reviewed on June 25, 2026, at the Municipal Light Board Meeting

1. Draft Open Session Minutes of May 28, 2026
2. 2025 Audited Financial Statements Report
3. March 2026 Financials
4. MDLM Legal Opinion
5. Reimbursement Resolution
6. Lightshift Energy Battery Storage Project

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