

**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS' NEW BUILDING FORUM MEETING
AT THE SENIOR CENTER SOUTH HADLEY, MA
JANUARY 11, 2024, AT 7:00 P.M.**

Present for the Board: Chair John Hine, Paul Dobosh, Ron Coutu, Kurt Schenker
Absent: Denise Presley

Present for SHELD: General Manager Sean Fitzgerald, Financial Manager Michael Conchieri,
Administrative Specialist Kim Mendoza

The special meeting was called to order at 7:00 P.M. by Chair Hine. He introduced the Board members on the panel, Mr. Fitzgerald, and other SHELD staff attending. Mr. Hine stated there would be a short presentation showing why SHELD needs a new facility, a review of what has been done so far, and the financial implications for ratepayers. SHELD does not have a parcel of land or a design for a new building yet. This meeting is to start sharing information.

A presentation was displayed. SHELD is an essential business and must be able to function in catastrophic conditions, current facilities are in the 100-year flood zone, Telecom operations are in a leased location across town, and current facilities have limited space and require significant maintenance and repairs. SHELD has had a commercial real estate broker searching for a site for the past five years and actively pursued several sites, but none have met our needs.

SHELD's fiber operations hold the potential for future expansion and lessen the cost impacts of new facilities. Construction costs continue to rise and estimates for a new building range from \$20M to \$24M today, which would result in a 2 to 3 cent increase in customer rates.

SHELD rates are currently in the lowest quartile for the state (a rate slide was displayed later in the program), and the increase would likely keep SHELD at or below the state average. Investing in the future will ensure SHELD's long-term stability.

Several ratepayers asked questions on the details of funding for a new building. Mr. Fitzgerald and Mr. Conchieri explained that SHELD cannot overbill customers to put money aside for a new building. SHELD's annual earnings are capped at 8% of net plant value, which comes to about \$400,000. There are other accounts, but they have legal restrictions on the use of those funds. Construction costs are expected to continue to rise 5% each year going forward.

Questions were asked about the benefits of a new building for the town and possible locations.

Some ratepayers spoke in support of a new building. It was acknowledged that if SHELD were an investor-owned utility, instead of a municipal utility, the rates would be much higher. They mentioned that the floods around the country, over the last few years, could also happen here. Locations were suggested.

Adjourn:

On a motion by Mr. Coutu, seconded by Mr. Dobosh, it was unanimously VOTED: To adjourn.

The open session ended at 7:55 P.M.



Paul Dobosh, Light Board Clerk

Approved: January 25, 2024

EXHIBIT A

List of Documents reviewed at the January 11, 2024, Municipal Light Board Meeting

1. New Building Update Presentation
2. MMWEC Residential Rate Comparisons for 7/2022-6/2023