



**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS' VIRTUAL MEETING
JUNE 26, 2025, AT 9:00 A.M.**

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

Present for SHELD: General Manager Sean Fitzgerald, Director of Operations Adam St. Martin, Administrative Services Specialist Kim Mendoza, Finance Manager Michael Conchieri, Engineer Matt DelMonte

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

The virtual meeting was called to order at 9:00 AM by Chair John Hine.

Minutes Approval:

5/22/2025 Open Session:

On a motion by Mr. Coutu, seconded by Mr. Dobosh, it was

VOTED: To approve the open session minutes of May 22, 2025, by a roll call vote: Mr. Dobosh-aye, Mr. Hamilton-aye, Mr. Terry-aye, Mr. Coutu-aye, Mr. Hine-aye.

5/22/2025 Executive Session:

On a motion by Mr. Coutu, seconded by Mr. Hamilton, it was

VOTED: To approve the executive session minutes of May 22, 2025, and to release with redaction of the BESS Update information, by a roll call vote: Mr. Coutu-aye, Mr. Terry-aye, Mr. Hamilton-aye, Mr. Dobosh-aye, Mr. Hine-aye.

2024 Audited Financial Statements Report & Presentation:

Howard Cheney & Mia McDonald of Meyers Brothers Kalicka, PC presented a high-level overview of SHELD's 2024 financial statements and related audit. SHELD has received an unmodified opinion, which means SHELD used appropriate accounting policies, no audit adjustments had to be made, there were no disagreements with management, and there were no changes to the numbers previously presented for 2024. There were not any internal control processes or procedure changes to report on.

Ms. McDonald presented summary slides and spoke to the lines with substantial changes from 2023. There was an increase in the Operating Revenues for 2024 due to an increase in the cost of power, usage due to weather, and fiber growth. There was also an increase in Operating Expenses, leading to an increase in net position from \$1.0 million to \$1.6 million. On the balance sheet, there was an increase in Total Assets to \$47.5 million, up from \$46 million, primarily from the fiber business. Total Liabilities of \$21.7 were consistent with \$21.8 in 2023. Mr. Cheney reviewed the OPEB funds that are set aside for retiree's health benefits and the required Hampshire County retirement funding. SHELD has little control over those expenses, other than making the annual pay as you go contributions. The Net Position (Equity) showed an increase of

\$1.6 million for 2024 over the 2023 net position. Mia displayed a 5-year analysis of Operating Revenues broken into the customer type which included fiber revenues.

Previous year Report To Management comments, which are best practice observations from the firm, were reviewed and updates were noted. There were no new recommendations. Some of the previous recommendations may be difficult for SHELD to implement because of limited staffing, but there are no significant deficiencies in internal controls. SHELD is currently working on a perpetual inventory system.

Public Comment:

There were none.

Manager's Report:

Outages: The high heat index, of over 100 degrees on 6/23 & 6/24, caused five outages. Transformers needed to be replaced on Pine Street, Roundelay Road, and Bardwell Street and a melted service conductor was replaced on Lamb Street. The crews worked both nights to restore power. The new AMI meters will allow us to look at the load on other transformers during the heat wave so we can proactively replace any that were near their limits but didn't fail during this heat wave, when we hit a 14-year high peak usage. There were also two animal contact outages on Lamb and Old Lyman and a tree caused a blown fuse on Lyman Street. Great job to our crews in this heat.

Fiberspring Update: We continue to connect new customers every week. A summary, of fiber call statistics this past month, was displayed for South Hadley, Shutesbury, and Leverett. Slide #1 had all telecom calls broken down by town and showed the volume of calls, the types of calls received, the number of escalations, and the number of truck rolls. There was a slight increase in support calls in May for South Hadley as we performed a planned system upgrade but very few resulted in a truck roll. Slide #2 showed 100% network uptime between HG&E and Fiberspring.

The Longmeadow fiber design was delivered to them with information on a potential pilot area. Next steps are pole applications and for them to work on their funding.

March 2025 Financials:

Mr. Conchieri referenced PowerPoint slides as he gave a brief overview of the financials for the month ending March 31, 2025.

Kilowatt hour sales of 30,647,000 for 2025 were up by 8.48% from 2024 or 2,396,000 kilowatt hours. Year-to-date operating revenues of \$5,358,000 were up from 2024 by 31% or about \$1,281,000, consisting of an increase of \$346,000 in volume and an increase of \$935,000 in selling price.

The 2025-kilowatt hour purchases of 30,085,000 were up by 4.78% from 2024, or 1,372,000. The 2024 cost of power sold of \$3,248,000 was up by about 22.19% from 2024, or 590,000, consisting of an increase of \$127,000 in kilowatt hour purchase volume, and an increase of \$463,000 in purchase price.

The increase in revenue was more than the cost of power; therefore, the net revenue of \$3,145,000 was up from 2024 by \$772,000. The actual net revenue was up from the budgeted amount by \$327,000. All other 2025 operating expenses of \$2,387,000 on a combined basis were down from 2024 by about \$47,000 and up from the budgeted amount by \$13,700.

March 2025 ended with a net YTD profit of about \$881,000, compared to the 2024 profit of \$82,000 and was more than the budgeted amount of a \$625,000 gain.

Building Project Estimate:

Mr. Fitzgerald stated that today SHELD received an updated cost estimate for the new building from the Owners Project Manager (OPM) firm recently hired to manage the new building project. The new cost estimate is \$25-\$28 million plus soft costs that could bring the completed total to \$35 million. It is lower than the preliminary estimate from the conceptual architect of \$34.5 million plus \$10 million soft costs.

Mr. Coutu questioned the square footage and cost per square foot listed. He also had several concerns over the high price tag. He feels that we need to shrink the size of the building as much as possible to get the cost down before increasing customer rates to pay for the building. Mr. Hine said the Board will hold a public forum late summer for residents. They would discuss the cost of the new building, and the costs associated with not replacing SHELD's 100-year old building that sits in the 100-year flood plain. Mr. St. Martin said he would review the new estimate, then send the Board a copy to review.

Time of Use (TOU) Rates:

There was a lengthy discussion on Time of Use rates that Mr. Coutu has mentioned in the past. The concept is that people would pay different rates depending on the time of day they use their electricity, with nighttime rates being lower than daytime rates. Yesterday was a peak use day, possibly for the year, which is used to set SHELD's capacity rates, which are $\frac{1}{4}$ of the wholesale cost of power, for the next year. Mr. Coutu said that with AMI meters, we have more detail on when people are using power so it would be easy to implement TOU rates and customers would need to be educated on the concept. If everyone reduces usage for that one peak hour, it will reduce SHELD's overall capacity charge for the next 12 months.

Mr. Fitzgerald said SHELD sent out text messages asking people to conserve electricity yesterday afternoon, but South Hadley still had record usage. Mr. Fitzgerald said that customers do not respond to the peak text messages to conserve energy. Mr. Coutu said that if one person uses less electricity and his neighbor uses more – it cancels out and there are no savings. He proposes individually charging each customer next year for capacity based on their consumption on the peak day this year. Mr. Hamilton said change is difficult for people, especially if they won't see the benefit until next year. People may be more responsive for something more immediate, like a voucher for credit on their next month's bill.

Mr. Hine said that if the battery storage project had been completed, there could have been savings for SHELD and all ratepayers because the battery could have been discharged during the peak hour to lower consumption. He understands why people may not heed the text messages

because many people don't have the option of using their electricity only at night due to many factors in their daily lives.

Mr. Fitzgerald said the battery could have reduced usage by 3 megawatts by discharging for up to 4 hours during the peak to keep South Hadley's electricity usage down. He said implementing TOU rates now would be very complex and a major undertaking for the small SHELd staff. The timing is not right now. A better solution right now would be to continue to work towards completing the battery storage project.

Mr. Hine said the Board does need to be familiar with the concept of TOU rates and understand it. They can discuss the topic again in the future.

Old Business:

There was none.

New Business:

Mr. Fitzgerald let the Board know that there is an RFQ for Design Services under the OPM, for engineering and architectural design for the new building, going out to the public in July. A vendor will not be selected until the vendors are evaluated and the information is presented to the Board. They will develop the plans for the new building to go before the town Planning Board for approval. Mr. Coutu would like to see the RFQ before the vendor is chosen. Mr. St. Martin said it will be emailed to the Board.

Mr. Hine said the next MLB meeting is July 24th. We will look for a date for the new building forum for the next meeting.

Adjourn:

On a motion by Mr. Coutu seconded by Mr. Terry, it was

VOTED: To adjourn the meeting, by roll call vote: Mr. Dobosh-aye, Mr. Coutu-aye, Mr. Hamilton-aye, Mr. Terry-aye, Mr. Hine-aye.

The open session ended at 10:37 A.M.

Signed by:

Darren Hamilton

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Darren Hamilton, Light Board Clerk

Approved: July 24, 2025

EXHIBIT A

List of Documents reviewed on June 26, 2025, at the Municipal Light Board Meeting

1. Draft Open Session Minutes May 22, 2025
2. Draft Executive Session Minutes May 22, 2025
3. May 2025 Telecom Call Stats
4. Financial Statements March 31, 2025, and 2024
5. Spatial Needs Comparison
6. Conceptual Estimate