

LIGHTING THE PATH TO SUCCESS

2022-2023 ANNUAL REPORT



South Hadley Electric Light
DEPARTMENT

SPRINGING FORWARD: THE BIG FIBER REBRAND



The big news of 2022 and 2023 was the rollout of our new Fiberspring brand.

As we continued to upgrade and expand, we decided to take our name and brand to a new level as well. Fiberspring is a fresh approach that reflects new beginnings and healthy growth for South Hadley and the region. There was a buzz of excitement in seeing the new trucks and lawn signs popping up all over town.

Powered by SHELD, Fiberspring brings gig-speed fiber optic internet service to homes and businesses in South Hadley. It is a significant investment in green technology—and the future of the town. Since its inception just prior to the pandemic in 2020, Fiberspring has grown to serve more than 2,300 customers—from homes and businesses to schools and public departments—and SHELD has completed our 5-year Town fiber deployment construction in South Hadley.

In addition to being even more enthusiastically received than expected, SHELD has consistently been under budget and ahead of schedule on construction and development. As more neighborhoods have become fiberhoods over 45% of the Town is now utilizing this service.

SHELD's notable achievements over 2022 and 2023 include:

- Continuing ongoing work with the Town regarding the Master Plan implementation for South Hadley
- Lowering consumer deposits from \$600 to \$400 for electric heat and \$400 to \$200 for non-electric heat
- Completing a Town-wide customer satisfaction survey
- Being featured in a BusinessWest cover story
- Titan's Pier River Crossing buildout
- Updating approximately 6,000 meters to AMI
- Sponsoring and attending multiple Chamber community events
- Maintaining a strong Standard & Poors credit rating (AA) with two years of clean audit reports
- Taking on two summer interns in coordination with the South Hadley High School
- Making progress toward "future-proofing" power delivery
- Continuing to be one of Massachusetts' lowest carbon-emitting municipal utilities
- Allowing eligible customers to enroll in the Emergency Broadband Benefit Program

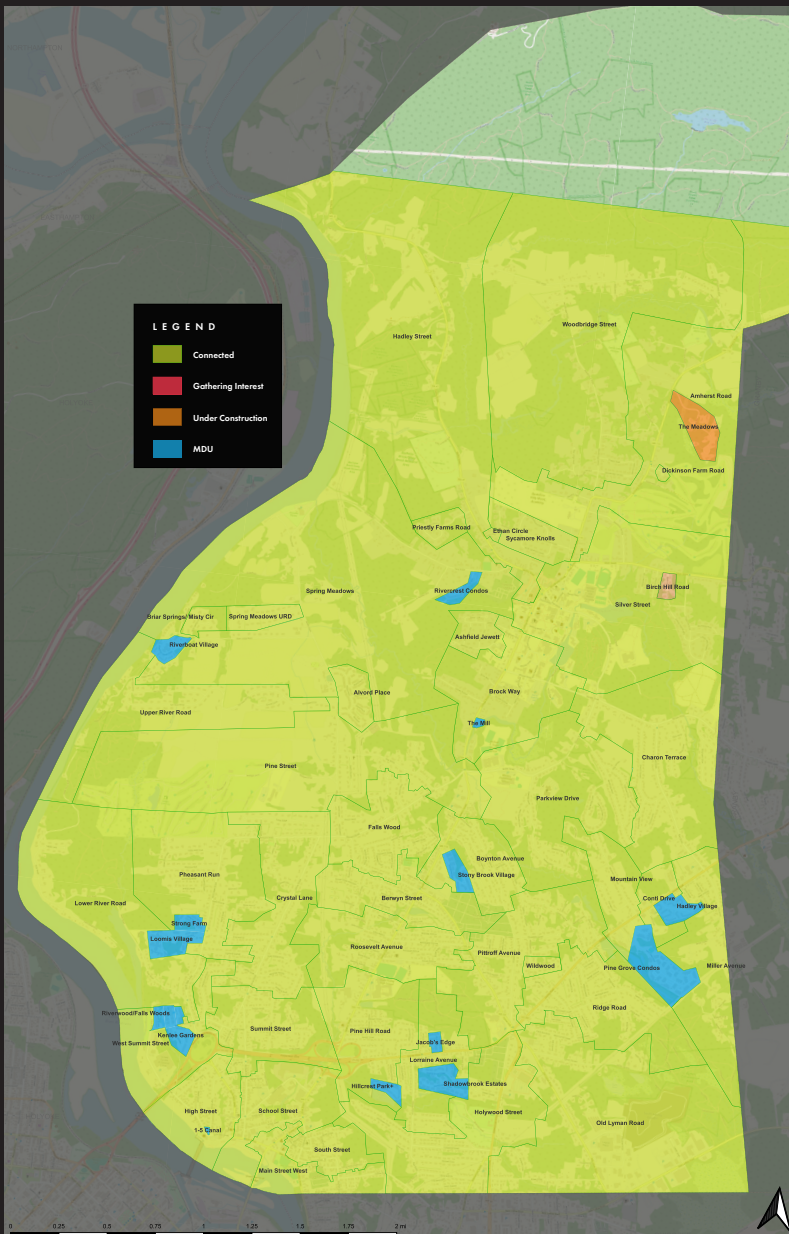


SHELD LEADS THE WAY WITH

FIBERSPRING

Fiberspring has been so successful that SHELD has expanded our services to Leverett and Shutesbury, adding another 1,500 customers and bringing us up to more than 4,000 customers total.

FIBERHOOD STATUS JANUARY 2024



GETTING BETTER ALL THE TIME

SHELD is very proud of the national recognition we've received for all the hard work our staff is doing to keep South Hadley powered.

Here are some of our recent awards and designations.

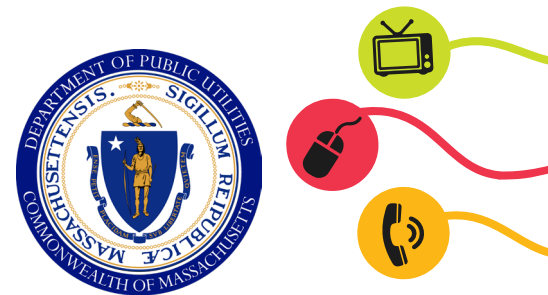
Certificate of Excellence and Reliability from the American Public Power Association (APPA), a trade group representing more than 2,000 not-for-profit, community-owned electric utilities. To receive this award, SHELD has significantly exceeded the 5-year average for all U.S. electric utilities for reliable electric service. SHELD also participates in the American Public Power Association's e-Reliability Tracker service to track its power outages and restoration against national benchmarks.



2023 Francis H. King Leadership Award from the Massachusetts Municipal Wholesale Electric Company (MMWEC). This award recognizes exceptional leadership and commitment to the ideals of public power and the MMWEC philosophy.



Eligible Telecommunications Carrier Designation from the MA Department of Telecommunications and Cable. The Department granted SHELD this designation after confirming that we met all FCC requirements for telecommunications. This designation allows SHELD to offer the *Lifeline benefit* discount for qualified low-income Fiberspring customers!



Visit www.fiberspring.com to learn more!

SHELD has been awarded a **Fiber Network Operator Certification** for our Fiberspring internet service! The Fiber Broadband Association's Fiber Certification recognizes operators for their commitment to ensuring customers receive the fastest, most reliable broadband services – connectivity delivered over "future-proof" fiber networks.



LETTER FROM THE GENERAL MANAGER

2022 and 2023 were all about improving the quality of life for the Town of South Hadley and our customers. SHELD's Board of Commissioners and staff focused on providing dependable, innovative, and responsive utility services to homes and businesses in South Hadley. That focus resulted in SHELD being recognized with the American Public Power Association's (APPA) Certificate for Excellence and Reliability for exceeding the 5-year average of all U.S. electric utilities for reliable electric service. SHELD was also awarded the Francis King Leadership Award from the Massachusetts Wholesale Electric Company (MMWEC) which recognizes exceptional leadership commitment to Public Power.

In 2023, SHELD received designation as an Eligible Telecommunications Carrier by the MA Department of Telecommunications and Cable for meeting all FCC requirements for Telecommunications. SHELD received national recognition by being awarded the Fiber Network Operator Certification for our commitment to ensuring customers receive the fastest, most reliable broadband services, over a "future-proof" fiber network.

SHELD completed its five-year town-wide fiber optic network construction six months ahead of schedule; under budget with self-supporting revenues. In preparation for

future Internet Service Provider (ISP) opportunities, SHELD rebranded its gig-speed internet service. Customers connected to FIBERSPRING enjoy free standard installation, symmetrical speeds up to 1000 Mbps, a Wi-Fi 6 router, no contracts, and local service. SHELD expanded its fiber ISP business with two Intergovernmental Agreements (IGAs) serving the towns of Shutesbury and Leverett MA. These expansion services leveraged existing infrastructure while further optimizing revenue and cost diversity.

The Advanced Meter Infrastructure project (AMI) is nearing completion with over 6,000 out of 8,000 meters replaced. SHELD's town-wide meter replacement is forecasted for completion in 2024. This modernization of SHELD's meter fleet will allow the Department to improve operations efficiencies, communication, outage systems, and prepare for future technology integration.

**SHELD COMPLETED ITS
FIVE-YEAR TOWN-WIDE
FIBER OPTIC NETWORK
CONSTRUCTION SIX
MONTHS AHEAD OF
SCHEDULE; UNDER
BUDGET WITH SELF-
SUPPORTING REVENUES.**

SHELD made additional gains in reliability with electric and fiber river crossing connectivity to our neighboring municipal light plant, Holyoke Gas and Electric in 2023. This project further strengthens SHELD's distribution network resilience aimed at reducing the impacts of outages for our customers.

SHELD maintained our S&P (Standard & Poor's) financial rating and achieved another two years of clean audit opinions. SHELD continually delivers industry-best reliability and restoration service while maintaining electric rates that are in the lowest quartile in the state. SHELD's highly skilled workforce and valued customers are consistently surveyed and reported on to our Board of Commissioners, ensuring accountability and performance meet strategic initiatives.

We appreciate your continued support in our efforts to provide outstanding local electric and broadband service to all our customers.

Respectfully submitted,

Sean Fitzgerald



THE CHARGE OF THE LIGHT BRIGADE



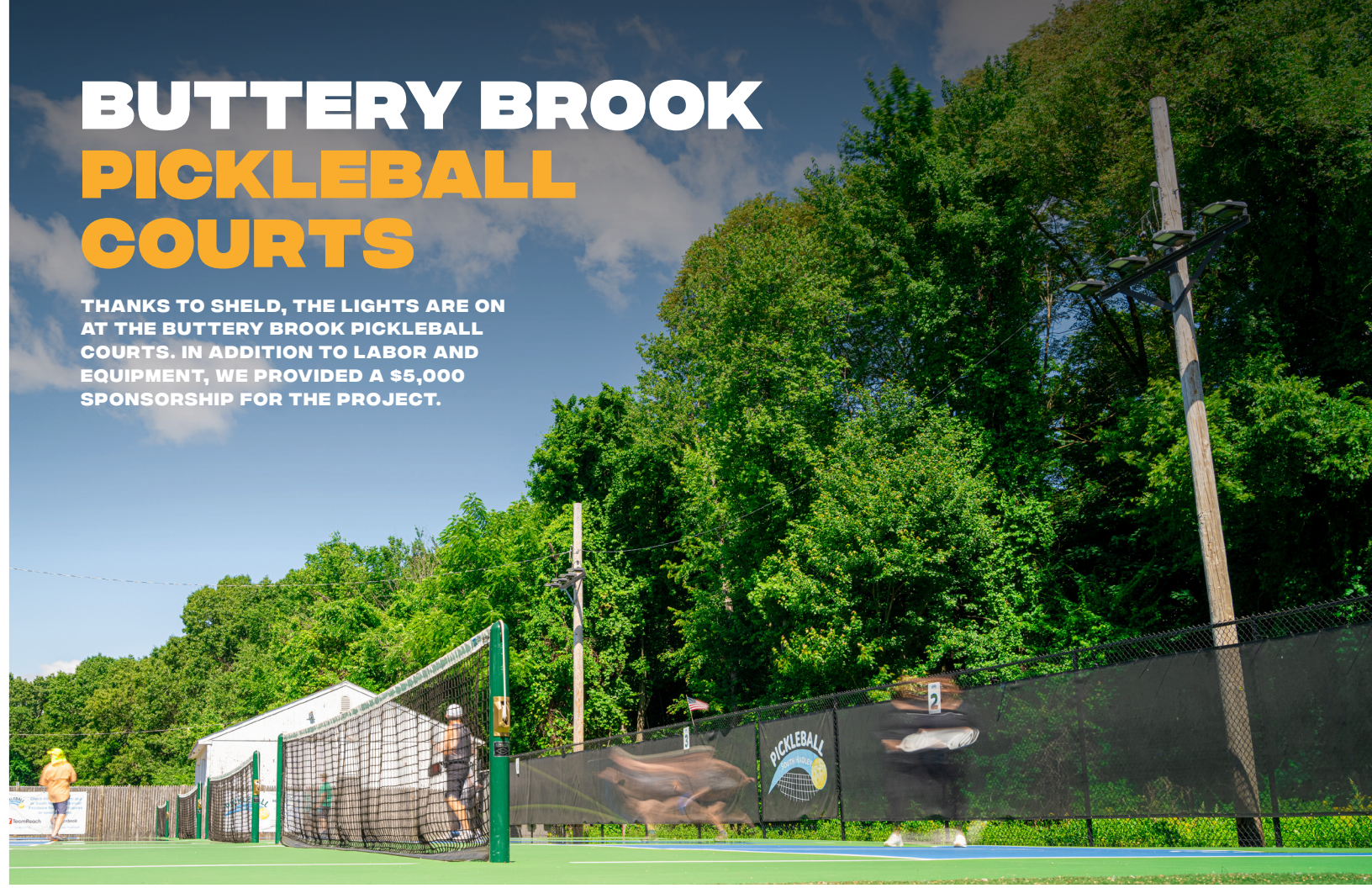
VILLAGE COMMONS EV CHARGING STATION REBATES

IN 2023, SHELDT WORKED WITH THE VILLAGE COMMONS ON REBATE OPPORTUNITIES FOR EV CHARGERS. 4 EV CHARGING STATIONS WERE INSTALLED IN THE VILLAGE COMMONS PARKING LOT, MAKING IT CONVENIENT FOR INDIVIDUALS WITH ELECTRIC VEHICLES TO CHARGE UP WHILE THEY WORK, SHOP, OR DINE—OR FOR COMMONS RESIDENTS TO USE ANYTIME.



BUTTERY BROOK PICKLEBALL COURTS

THANKS TO SHELDT, THE LIGHTS ARE ON
AT THE BUTTERY BROOK PICKLEBALL
COURTS. IN ADDITION TO LABOR AND
EQUIPMENT, WE PROVIDED A \$5,000
SPONSORSHIP FOR THE PROJECT.



STRATEGIC PLAN 2023-2027

SHELD delivers highly reliable, responsive, and personal utility services at competitive rates while providing value to our community.

The South Hadley Electric Light Department (SHELD) is pleased to present this Strategic Business Plan which covers the years 2023 through 2027. This plan represents the joint efforts of SHELD's five-member elected Municipal Light Board and SHELD's management team and employees. All strategic plan development meetings were open to the public and posted in accordance with our plan values of transparency and community engagement. The collective group worked to identify critical initiatives for SHELD's future and to address rapid changes in the utility industry. This plan was developed initially in 2018 with the assistance of the American Public Power Association-affiliated consultant Hometown Connections.

As a municipally owned and governed electric utility with a 114-year track record of providing reliable electric service and a 10-year track record of providing reliable telecommunications service, SHELD plays a critical role in the town of South Hadley, Massachusetts. SHELD's customers range from a prestigious educational institution to agricultural operations, manufacturing businesses, municipal government, and the high-tech industry. The Town of South Hadley is located in the Pioneer Valley and is part of the Five College Network (FCN) of Smith College, Amherst College, University of Massachusetts, Hampshire College, and Mount Holyoke College. SHELD customers expect and receive highly reliable electric service with rapid recovery and response times. In recent years customers have expressed a growing desire for more renewable energy options, digitalization, and high-speed internet service. The Town and SHELD are financially stable with long-standing New England traditions.

This plan is focused on areas of importance to our elected board and the ratepayers they represent. The plan establishes a new mission, vision, and key themes to focus our attention.



South Hadley Electric Light DEPARTMENT



TRANSPARENCY

- We will create effective avenues of two-way communication to encourage transparency throughout the organization.
- We work together as an organization and with our stakeholders to serve our community.
- We are active in our community, providing leadership, time and other resources to organizations that improve the quality of life.
- We encourage our employees to be actively involved in organizations and agencies that serve our community.

SAFETY

- Empower all to speak up when conditions seem anything less than safe.
- Promote ownership and accountability for safety within the Department.
- Have an uncompromising commitment for the public and employees' safety.
- Promote public safety through ongoing education, training, awareness, and compliance.
- Support an environment in which the public and employees can be served safely.
- Everyone at SHELd is responsible for safety.

TEAMWORK

- We are a cohesive unit that exists solely for the benefit of the community we serve.
- We believe teamwork is vital for success.
- We feel, act, and behave as one team.
- We will be accountable to each other and the communities we serve.

INTEGRITY

- We are accountable, ethical, and honest in everything we do.
- We will protect and maintain the goodwill and trust our community has placed in us.
- We are loyal to the public interest and fairness to all ratepayers.

RESPECT

- Give mutual respect to one another.
- Treat our customers with courtesy and respect.
- Be good listeners and effective communicators while honoring the needs and perspectives of others.
- Work toward solutions which are balanced and equitable.

FISCALLY RESPONSIBLE

- SHELD will operate in ways that ensure short and long-term financial stability.
- We focus on maximizing value for all customers over the long term.
- We manage our physical assets to maximize reliability at the lowest possible cost.
- Provide consistent reporting, audits, analysis.
- Keep financial systems updated and maintained.
- Ensuring all reporting with regulatory bodies are compliant.
- SHELD will remain current on power supply trends, threats and opportunities.

ENVIRONMENTALLY RESPONSIBLE

- SHELD will actively focus its programs, behaviors, and power supply to be environmentally responsible.
- We offer programs and education to help our customers reduce their impacts on the environment.
- SHELD will ensure equipment and oil spills are handled in accordance with environmental guidelines with minimal impacts on our local environment.



Reliability: SHELd will design, build, and maintain systems to ensure continuity of service which meet customer expectations while maintaining financial stability. SHELd has a well-built and maintained infrastructure with a proven history of reliability, as demonstrated by consistently achieving industry-best performance metrics. Modernizing our meter fleet, combined with a future-planned Supervisory Control and Data Acquisition (SCADA) system, will allow for enhanced digital control and outage management. Prior to 2018, there had been no circuit ties with neighboring distribution systems which limited SHELd's resiliency during potential catastrophic outage events. SHELd has focused considerable effort on increasing reliability and redundancy by establishing multiple electric and fiber optic connections. SHELd will maintain and enhance system reliability and redundancy of power sources, maintain five-year average scores of SAIDI, CAIDI, SAIFI, maintain a favorable comparison to other utilities' reliability, and increase system redundancy where feasible.

SHELd has a stable long-term power supply portfolio with 80-100% of our supply needs provided through owned nuclear generation assets. SHELd's long-term asset ownership provides price certainty due to retired debt service in 2019. The contractual guarantees for these assets extend through 2045 and 2050. The existing nuclear power owned by SHELd is carbon-emissions free and below the current market average. Risk of rising transmission and capacity prices are motivating many municipal utilities like SHELd to invest in battery storage and peak shaving generation to mitigate the volatility of peak load expenses such as capacity and transmission. SHELd will need to continue to investigate and incorporate economic and environmentally beneficial assets to contend with rising peak energy costs as well as growing demand from increased electrification.

Customer Engagement: SHELd will work together with our stakeholders to better engage with our community.

- We are active in our community, providing leadership, time, and other resources that improve the quality of life.
- We encourage our employees to be actively involved in organizations and agencies that serve our community.
- SHELd has and will continue to enhance the customer experience to maintain and modernize systems to support improved two-way communications.

SHELd has and will continue to enhance and improve the customer experience. SHELd has made a significant effort to improve existing customer engagement through the digitization of multiple customer platforms including text power alerts. SHELd's strategic focus is to increase and speed up our customers' ability to transact business and provide feedback on our performance and our services. Below are general objectives for SHELd to improve customer engagement:

- Periodic customer surveys
- Informal community feedback
- Improve outreach and notifications to our community
- Develop and improve customer tools to engage customers

Customer Outreach and Communications: SHELd will continue to televise Municipal Light Board meetings and to enhance communications with customers through regular newsletters, social media, website content, and online service options. Modern communication will remain an area of focus for all strategic initiatives. SHELd has integrated digital solutions (i.e. electronic work orders) to ensure all internal communication can be accessed remotely and instantaneously. Advanced Meter Infrastructure (AMI) will become a cornerstone for SHELd's strategic ability to provide real-time information to our customers including interval data, demand response, peak shaving, and outage mapping to ensure rapid communication during critical conditions. SHELd's customer outreach and communications objectives are as follows:

- Quarterly newsletter
- Public safety education program
- Televising board meetings

- Participation in public events
- Sponsorships
- Digital notifications

Community Stewardship/Enhanced Quality of Life: SHELD will provide services and solutions that will improve the communities we serve, while continuing reliable service at competitive rates.

- We strive to improve the communities where we work and live.
- Staff is encouraged to find department improvements which enhance quality of life.
- We will institute technologies and system upgrades which improve our community.

SHELD will work strategically to investigate and integrate programs and services which will help the South Hadley community development and enhance the quality of life for our customers. SHELD provides residential, commercial and industrial NetZero efficiency programs which provide annual rebates for customers to invest in efficient technologies which reduce their electric costs. SHELD has also integrated multiple programs targeting renewable energy and greenhouse gas reduction (i.e. Connected Homes, EV Rebates, Green Choice and zero-percent interest home energy Conversion Loans) in South Hadley. Telecommunications services for municipal and business customers have been provided since 2006 and have been board-approved for expansion to residential customers as of December 2018. Residential fiber deployment is a key strategic goal which will add significant quality-of-life improvements to the citizens of South Hadley. SHELD will work to integrate the following community-focused initiatives:

- Informal community feedback
- Improve outreach to the community
- Develop and improve customer metrics
- Community Forums
- Expansion of telecommunications services

Finance: SHELD's current financial position is stable. SHELD has strong reserves and is fortunate to have long-term future projected price certainty, in one of our most significant power supply costs: Generation. The projected town-wide residential fiber optic expansion is projected to have a positive impact on long-term electric rates. SHELD's strategic objectives are as follows:

- Maintain SHELD's AA financial rating.
- Maintain annual clean audit reports.
- Maintain adequate cash reserves and a cash reserve policy.
- Provide consistent profitability.
- Provide clear and consistent reporting.

Workforce: SHELD recognizes its workforce is its most important asset and will invest in the retention of employees by supporting a healthy work environment:

- Ensure competitive compensation.
- Provide training and policies which promote a healthy work environment.
- Implement diversity, equity and inclusion.

In order to respond to a rapidly changing environment, SHELD will need to recruit, develop, and empower a highly competent workforce. This is one of the most important parts of our strategic plan, as it is believed that the right people are SHELD's most important asset. The deployment of fiber, construction of a new facility, and implementation of new processes to improve and enhance our ability to serve our services and meet their expectations require talent and expertise.

OUR BEST & BRIGHTEST

After a century of service to the people of South Hadley, SHEL D continues to deliver the personal service and low rates envisioned by our utility's founders and remains a valuable asset to the community.





FINANCIAL STATEMENTS

Condensed Combined Statement of Net Position

	2022	2021
ASSETS AND DEFERRED OUTFLOWS		
Current	\$16,274,433	\$16,183,567
Restricted	\$12,511,829	\$16,350,299
Non-Current	\$490,786	\$490,786
Capital - Net	\$12,005,655	\$10,080,381
Deferred Outflows	\$2,291,623	\$2,037,449
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$43,574,326	\$45,142,482
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current	\$2,380,760	\$2,191,194
Long-Term	\$15,133,301	\$16,448,807
Deferred Inflows	\$1,894,819	\$2,907,603
Net Position		
Net Investment in Capital Assets	\$4,093,391	\$4,541,115
Restricted	\$8,886,984	\$9,778,256
Unrestricted	\$11,185,071	\$9,275,507
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$43,574,326	\$45,142,482

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2022	2021
OPERATING REVENUES	\$19,011,917	\$15,068,483
OPERATING EXPENSES		
Cost of Power Sold	\$10,623,478	\$9,121,654
Distribution Expense	\$1,406,726	\$1,324,241
Customer Accounts Expense	\$676,463	\$433,737
General and Administrative Expense	\$3,161,848	\$2,963,028
Depreciation Expense	\$1,340,145	\$1,242,624
TOTAL OPERATING EXPENSES	\$17,208,660	\$15,085,284
OPERATING INCOME (LOSS)	\$1,803,257	(\$16,801)
NON OPERATING REVENUES (EXPENSES)	(\$1,152,134)	\$243,034
OTHER FINANCING SOURCES (USES)	(\$80,555)	(\$141,594)
CHANGE IN NET POSITION	\$570,568	\$84,639

Condensed Combined Statement of Cash Flows

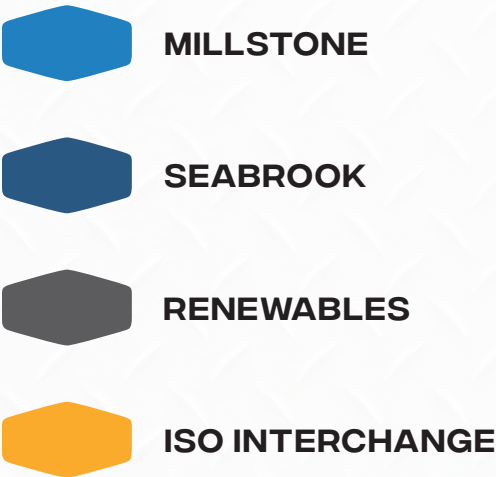
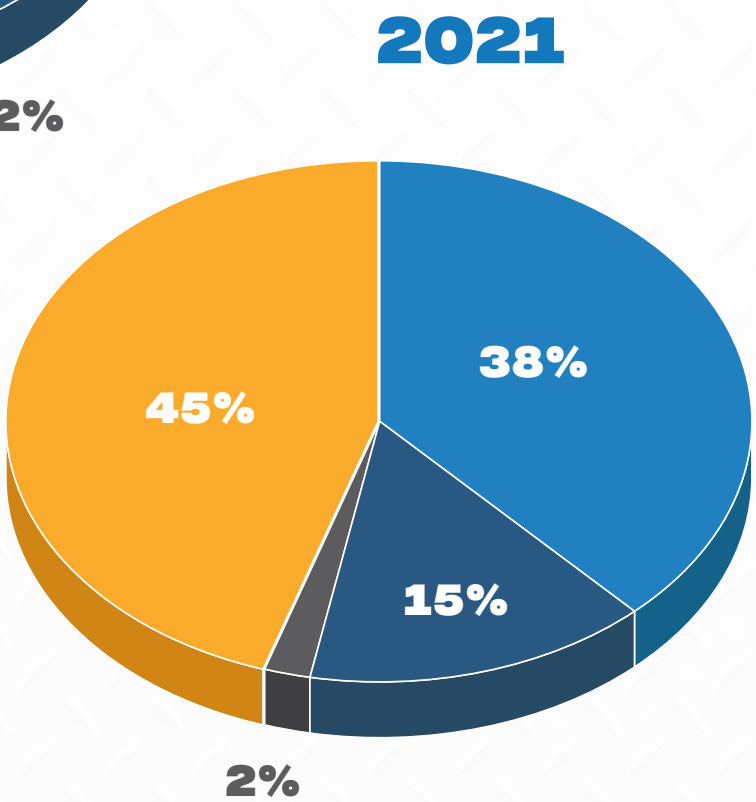
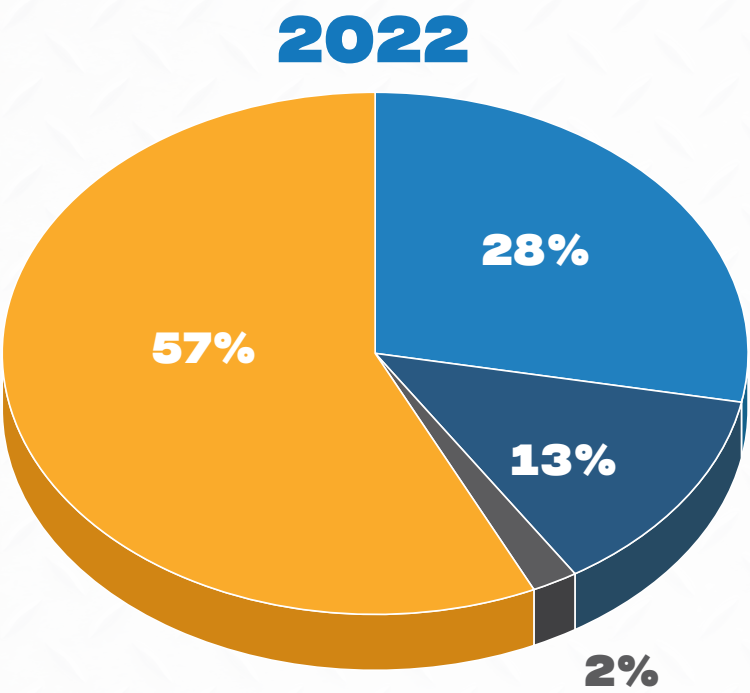
	2022	2021
CASH FLOW PROVIDED BY (USED IN):		
Operating Activities	\$732,640	\$3,206,331
Financing Activities	(\$4,125,225)	\$7,953,238
Investing Activities	3,134,115	\$(6,144,514)
NET INCREASE (DECREASE) IN CASH	(\$258,470)	\$5,015,055
CASH - BEGINNING	\$8,819,788	\$3,804,733
CASH - ENDING	\$8,561,318	\$8,819,788

ENERGIZING THE COMMUNITY

Because South Hadley's residents own SHELD, we want you to stay informed at all levels. Full financial reports, annual reports and annual returns are available online at [***sheld.org/pages/community/public-information/***](https://sheld.org/pages/community/public-information/).

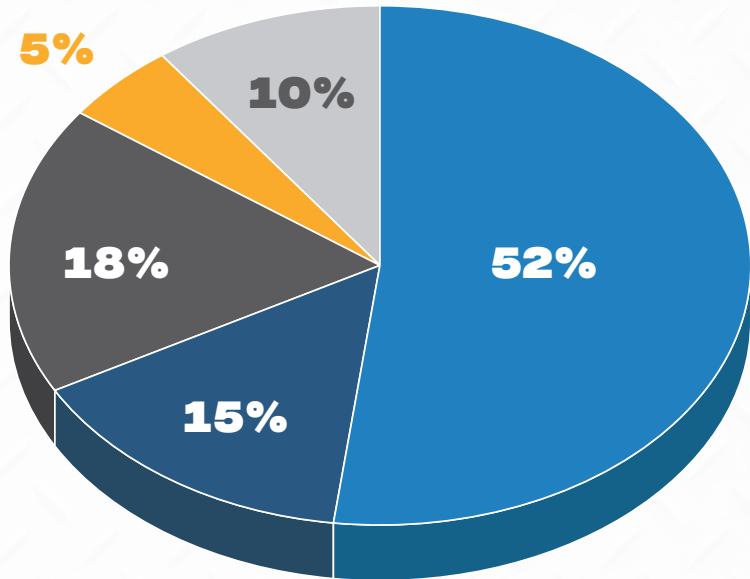
SHELD welcomes your involvement as we continue to seek the best ways to energize our community as we deliver highly reliable, responsive and personal utility services at competitive rates while providing value to our community.

PURCHASED POWER DISTRIBUTION

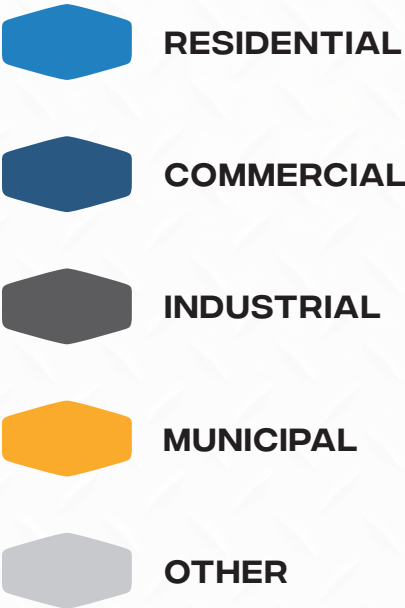
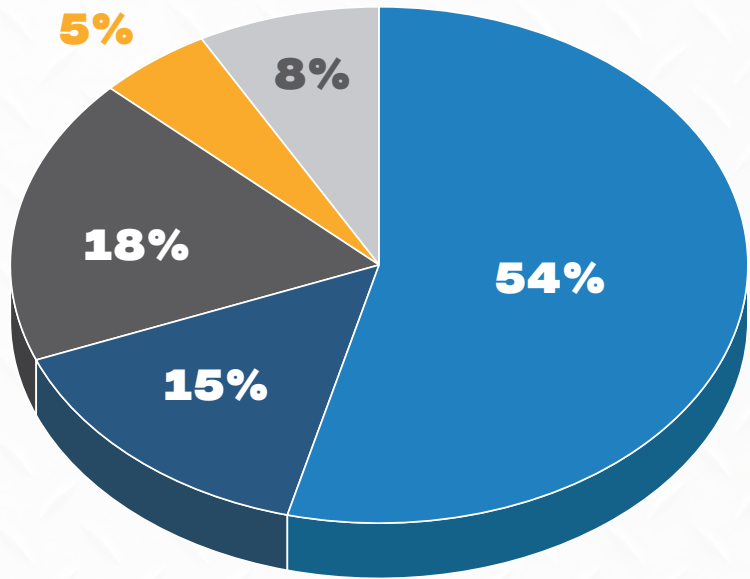


OPERATING REVENUE DISTRIBUTION

2022



2021



FINANCIAL STATEMENTS

Condensed Combined Statement of Net Position

	2023	2022
ASSETS AND DEFERRED OUTFLOWS		
Current	\$17,526,393	\$16,274,433
Restricted	\$9,817,533	\$12,511,829
Non-Current	\$490,786	\$490,786
Capital - Net	\$15,490,716	\$12,005,655
Deferred Outflows	\$3,860,339	\$2,291,623
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$47,185,767	\$43,574,326
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current	\$2,427,289	\$2,380,760
Long-Term	\$16,761,926	\$15,133,301
Deferred Inflows	\$2,671,777	\$1,894,819
Net Position		
Net Investment in Capital Assets	\$5,153,688	\$4,093,391
Restricted	\$9,087,952	\$8,886,984
Unrestricted	\$11,083,135	\$11,185,071
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$47,185,767	\$43,574,326

Condensed Statement of Revenues, Expenses and Changes in Net Position

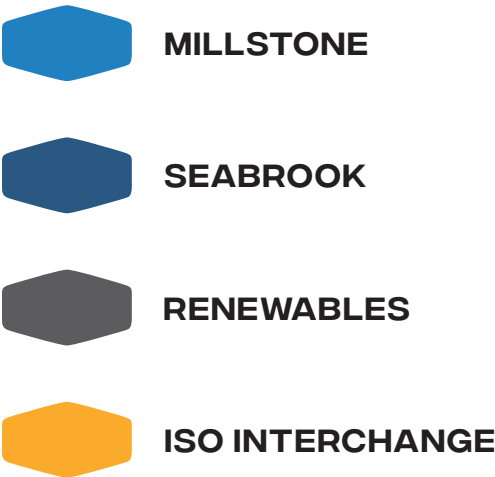
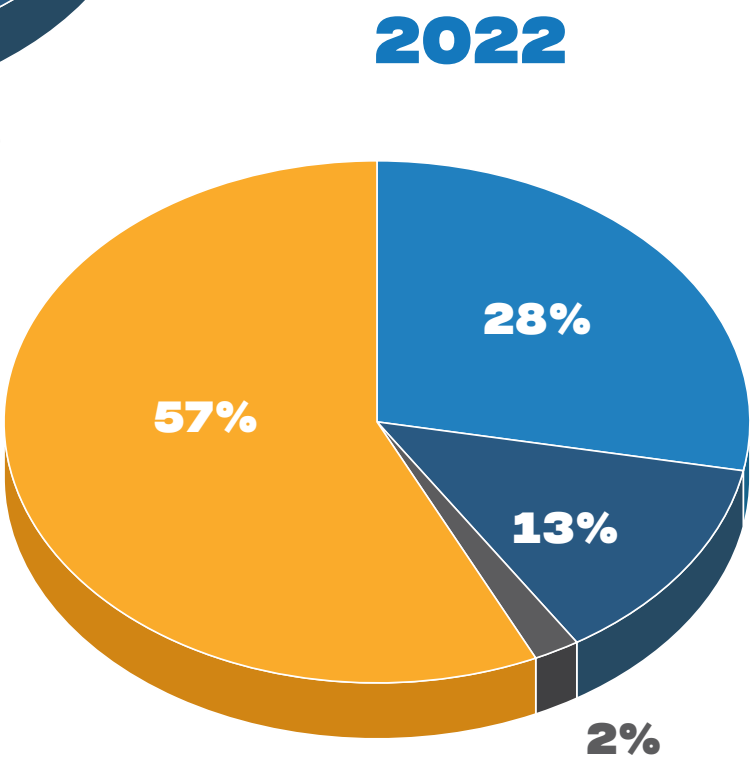
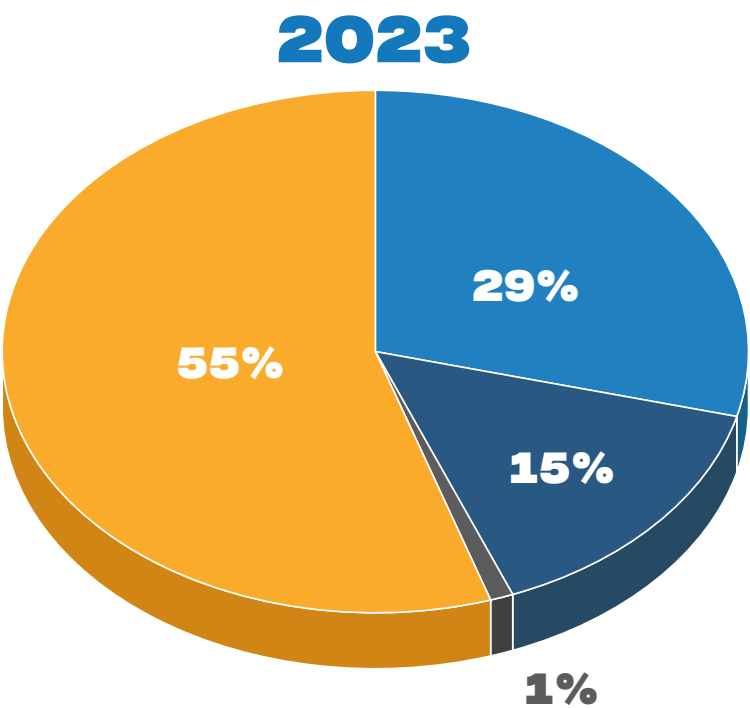
	2023	2022
OPERATING REVENUES	\$19,516,780	\$19,011,917
OPERATING EXPENSES		
Cost of Power Sold	\$9,957,765	\$10,623,478
Distribution Expense	\$1,477,975	\$1,406,726
Customer Accounts Expense	\$678,150	\$676,463
General and Administrative Expense	\$5,322,237	\$3,161,848
Depreciation Expense	\$1,415,424	\$1,340,145
TOTAL OPERATING EXPENSES	\$18,851,551	\$17,208,660
OPERATING INCOME (LOSS)	\$665,229	\$1,803,257
NON OPERATING REVENUES (EXPENSES)	\$608,051	(\$1,152,134)
OTHER FINANCING SOURCES (USES)	(\$113,951)	(\$80,555)
CHANGE IN NET POSITION	\$1,159,329	\$570,568

Condensed Combined Statement of Cash Flows

	2023	2022
CASH FLOW PROVIDED BY (USED IN):		
Operating Activities	\$3,450,222	\$732,640
Financing Activities	(\$5,737,859)	(\$4,125,225)
Investing Activities	\$2,698,891	\$3,134,115
NET INCREASE (DECREASE) IN CASH	\$411,254	(\$258,470)
CASH - BEGINNING	\$8,561,318	\$8,819,788
CASH - ENDING	\$8,972,572	\$8,561,318

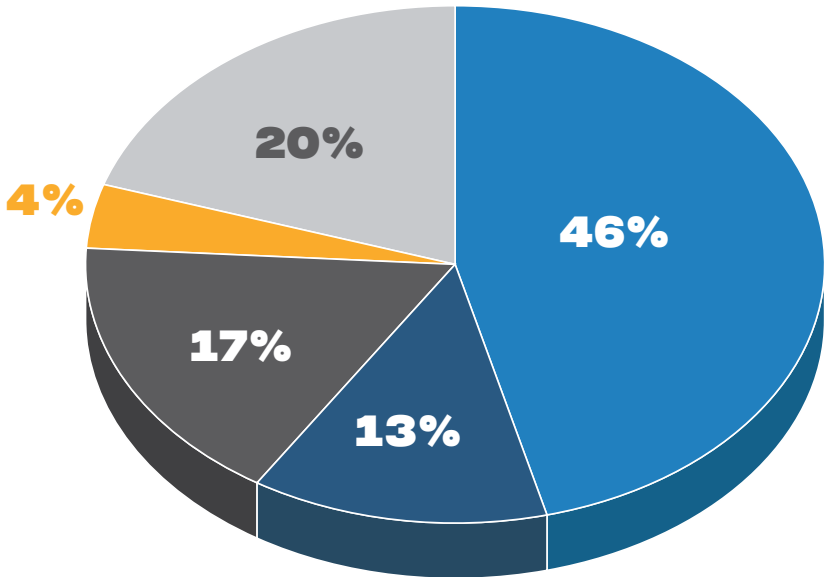


PURCHASED POWER DISTRIBUTION

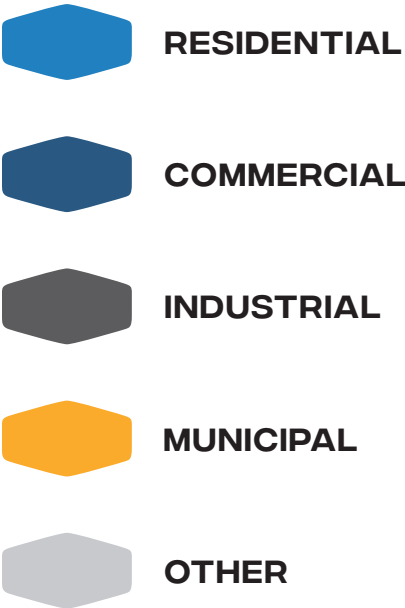
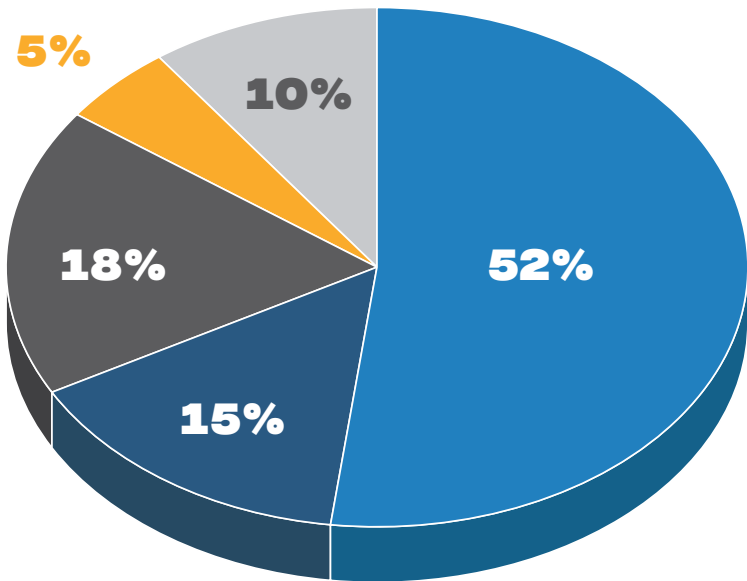


OPERATING REVENUE DISTRIBUTION

2023



2022





South Hadley
Electric Light
DEPARTMENT
A Brighter Future



MUNICIPAL LIGHT BOARD

JOHN HINE
CHAIR

KURT SCHENKER

PAUL DOBOSH

RON COUTU

TOM TERRY

THE POWER IS IN YOUR HANDS

A municipal utility like South Hadley Electric Light Department responds directly to the needs and input of local residents, not anonymous shareholders. The Light Board is a group of five local citizens elected by the voters of South Hadley.



South Hadley Electric Light
DEPARTMENT

85 Main Street • South Hadley, Massachusetts