

SHELD New Headquarters and Storage Facility

Project Overview

Light Board Commissioners' Approval on May 28, 2026

1. The Project

The South Hadley Electric Light Department (SHELD) is planning a new headquarters and storage facility to replace its current building, which is 114 years old, sits within a 100-year flood plain, and is significantly undersized for modern operations. The operations building is 30% below what is needed; the warehouse is 70% undersized, forcing staff to rely on off-site and outdoor storage of essential equipment.

State law classifies electric utilities as Risk Category IV essential services, which are required to meet heightened building standards for flooding, wind, snow, and seismic loads. SHELD's current site, by its location in the flood plain, can never be brought into compliance with those standards. This is not a matter of preference or convenience—it is a legal obligation.

Renovation of the existing building has been evaluated. The cost of renovation alone—without ever achieving code compliance—is estimated at \$6.5 to \$8.5 million, on top of ongoing lease costs for off-site fiber operations. That expenditure would leave SHELD operationally constrained and still in violation of state building code. Two independent architectural firms (Reinhardt Associates in 2014; Calio Bieniek Associates in 2024, reviewed by Tecton Associates in 2025) produced spatial needs assessments that found even the new building design to be “lean” for a utility of SHELD's size.

The Board of Commissioners has had sixteen discussions and several votes on the new building project since August 2024, authorizing land acquisition, schematic design, and architectural and engineering work. The site planning and conservation approval process was completed on May 18, 2026. The next step is closing on the land, completing detailed drawings, and bringing financing before the Board. A financing vote is planned for July 2026.

The fiber (Fiberspring) portion of the building is sized to support SHELD's telecommunications operations and will be paid for entirely from fiber business revenue, with no cost impact on electric customers for that space. As the fiber network and customers continue to expand, it has the potential to further offset building costs over time.

2. Public Discussion of the Project

SHELD has conducted open public meetings and presentations on the new building over several years. All meetings have been posted in accordance with the Open Meeting Law, and meeting minutes are published on the SHELD website following Board approval. Meetings are televised live on South Hadley Community Television (Channel 15) and are archived on the SHELD and Community Television websites.

Three community-facing public forums were held specifically on the new building:

- January 11, 2024 — South Hadley Senior Center
- September 10, 2025 — South Hadley Senior Center
- March 12, 2026 — Know Your Town Forum, South Hadley Public Library

In addition to the forums, SHELD sent bill inserts to all customers—by paper for those with printed bills, and through Constant Contact for those receiving electronic bills—in December 2023 and August 2025, providing advance notice of the January 2024 and September 2025 forums, respectively. SHELD also posted building conceptual plans on its Facebook page in September 2025 with a link to the Municipal Light Board page for further information.

The Board authorized \$1.2 million between May and August 2025 for schematic design and initial engineering prior to the town's financial situation becoming widely known. Spatial needs assessments and conceptual designs were discussed and voted upon in open session on January 22, 2026.

3. What We Risk by Not Proceeding

This is not the first time SHELD has been at this decision point. A similar new building project was proposed in 2014 and was not advanced. The cost of that project at the time was approximately \$11 million. The current estimated project cost is \$37.5 million—an increase of \$26.5 million, or roughly 75%, over the intervening decade. Every year of further delay compounds that risk.

The consequences of not proceeding now include:

- Continued non-compliance with state Risk Category IV building code for an essential electric service facility
- Ongoing flood plain exposure that jeopardizes continuity of electric service to all SHELD customers, including residential, commercial, industrial, and municipal accounts
- Rising construction costs that, based on recent history, are likely to add tens of millions of dollars to the eventual project if it is deferred again
- Continued reliance on inadequate, off-site, and outdoor storage of critical equipment, degrading operational efficiency and emergency response capability
- Loss of the current land purchase and design investment (approximately \$2 million committed to date) if the project is halted

SHELD is required by law to plan for electric reliability over decades, not years. The new building is intended as a 100-year solution. Decisions made under temporary financial or political conditions should not foreclose a long-term infrastructure commitment that has been under deliberation for more than ten years.

The Board has also proposed a rate stabilization approach that would reduce the customer impact by 47% in year one, 37% in year two, 30% in year three, and 14% in year four, using stabilization

funds. Under this approach, the average customer using 700 kWh per month would see a first-year increase of approximately \$113 annually. Even with the new building, SHELD's electric rates will remain below the Massachusetts state average and in the lower half of all utilities in the Commonwealth.

4. Commissioners' Duties

Massachusetts General Laws Chapter 164, Section 55 legally separates Municipal Light Plants (MLPs) from general town government. This structure is intentional and long-established. MLPs are authorized to manage their own finances, set rates, and make capital decisions as independent commercial enterprises, rather than as municipal departments subject to the town's budget process or Selectboard oversight.

The Supreme Judicial Court has affirmed, in decisions spanning more than a century, that it is not appropriate for essential electric service reliability decisions to be subject to general political processes or town vote. The voters of South Hadley elected the Board of Commissioners to make exactly these decisions on their behalf. Commissioners are not delegates who defer each significant decision to a broader vote; they are trustees of the electric system, charged with acting in the long-term interest of all ratepayers.

As commissioners, our duties include:

- Ensuring that SHELD's facilities meet state building codes for essential service utilities
- Maintaining the reliability of electric service for all customers, including during emergencies and weather events
- Making long-term capital decisions that balance current affordability with future resilience
- Acting independently of short-term town budget pressures where the law requires, while remaining responsive to community concerns
- Carrying out Board decisions once made, and representing the public interest without political interference in either direction

SHELD's commissioners are not indifferent to the town's current financial situation—we live here too. But the legal framework governing MLPs exists precisely to protect customers and the community from the risk that essential infrastructure decisions will be deferred, scaled back, or reversed for reasons unrelated to electric reliability. The Board has weighed the full range of considerations over more than a decade and has voted that proceeding with the new building is in the long-term best interest of SHELD's customers.

Attempts to override the Board's legal authority through non-binding referenda or other mechanisms are inconsistent with the laws governing MLPs and would set a damaging precedent for the governance of essential public services in South Hadley.



Secretary, SHELD Light Board

May 29, 2026