

WEEKLY REPORTS

Checklist
1/23/15

Elizabeth Miller/Alyson Richards

- ☒ Agency of Commerce and Community Development – Patricia Moulton
- ☐ Department of Labor – Annie Noonan
- ☒ Department of Financial Regulation – Susan Donegan
- ☒ Agency of Education – Rebecca Holcombe
- ☒ VT Commission on Lottery – Greg Smith

TBD

- ☒ Agency of Transportation – Sue Minter
- ☒ Agency of Human Services – Hal Cohen

Sue Allen

- ☒ Agency of Agriculture – Chuck Ross
- ☒ Agency of Natural Resources – Deb Markowitz
- ☒ Public Service Department – Chris Recchia

Sarah London

- ☒ Department of Public Safety – Keith Flynn
- ☒ Agency of Administration – Justin Johnson

Susan Spaulding

- ☐ Boards and Commissions – Susan Spaulding (**no report this week**)
- ☒ Department of Liquor Control – Mike Hogan

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: January 23, 2015
Re: Weekly Report

LEGISLATIVE ACTIVITY

- **Budget Adjustment Act:** Testimony on budget adjustment in House and Senate approps went fine. We seem to stray off topic as is typically the case.
- **Tourism Funding Report:** Lucy reviewed the Tourism Funding Report in the Senate Economic Development Committee. There was initially some disappointment and skepticism about this actually having the desired result of more funding for marketing. Senator Mullen made it clear that they may decide to advocate for a stronger funding commitment.
- **Legislative:** On 1/15 Lisa submitted a report on “Financing and Networking Events” per Act 199 and testified on the report before House Commerce that same day. The gist of the report and the testimony is that access to financing alone is not the key issue in Vermont: what is needed is a combination of business coaching and knowledge about how to best present a business plan and whom to approach for financing. Lisa also testified on the One Stop Shop portal along with Secretary of State Condos. The SOS’s office has led the way with a compliance web site and ACCD is working with partners to map technical assistance, financial assistance, workforce assistance and site/permitting assistance. On 1/16 Lisa testified before Senate Economic Development providing an overview of the department and highlighting the growth of our programs as revenue centers.
- **House Commerce Committee Testimony:** Dan Towle, Director of Financial Services testified in House Commerce along with Dave Provost, Deputy Commissioner of Captive Insurance. They testified for over an hour and a half giving an overview of captive insurance at a very basic level due to the many new committee members. The committee was very interested in captive insurance and grateful for the overview.
- **Testimony in House Commerce and Economic Development Committee:** Noelle provided an update on the technology infrastructure addition to the tax credits that is in Act 199. The committee would like us to monitor what businesses are using those buildings that received the credit, so we are working on determining how best to accommodate their request.
- **9 (L): Chris monitored Act 250, 9(L) Hearing.** In a joint hearing, the Senate Committees on Economic Development and on Natural Resources took testimony on the results of the new Act 250 criteria intended to efficiently use land and infrastructure and curb strip development. Over 15 witnesses testified, representing a range of advocacy groups from the Vermont Chamber to VNRC. Development consultants, realtors, local government officials and citizens commented on the law as well. Testimony fell squarely into pro and con camps and is summarized below.
 - Supporters stated that strip development wastes land and energy, costs taxpayers money and degrades Vermont’s quality of life, its brand and environment. They offered evidence that the provision is working as intended and showed that permitting new sprawl development harms community centers and undermines the state’s investments and efforts to revitalize these areas.
 - Opponents agreed that sprawl development was not good for Vermont, but believed the new law (and subsequent guidance to evaluate if projects contribute to sprawl --or not) is unclear. They assert this ambiguity is killing projects before they get off the ground, which hurts Vermont’s economy. They feel amendments are needed for the law to work as intended, but offered no specifics.

Both sides agreed that changes to Act 250 (or any law) require time to implement, but disagreed about how long that takes (testimony stated anywhere from 1 -5 years). While the implementation timeline can be debated, it was clear that education would help everyone come to a common understanding of this new provision and how to design projects that minimize strip characteristics. The next steps of this conversation are uncertain, but the Senate Committee on Natural Resources has jurisdiction over Act 250 and they are expected to take additional testimony (separate from the Committee on Economic Development). Several Senators have reached out and asked why they are spending time on this, given projects are moving forward and it is so new – there are so many other issues and they can’t understand wasting time on this one. Tony Klein sees this as a non-issue.

- **TMDL Water Quality Initiatives:** Noelle joined leadership from ANR, Ag, and AOT in a meeting with Speaker Smith and the chairs of House Fish and Wildlife, Ways and Means, Ag, and Appropriations to discuss how the

package of initiatives moving forward to clean up Lake Champlain and meet our agreement with EPA around total maximum daily load (TMDL) targets. This is definitely collaborative efforts between the executive and legislative branches. ANR will be requesting a similar meeting with Sen. Campbell to ensure that those committees have time to work on the bills that come over from the House.

- On behalf of the Housing Council, Jen presented the Report on **Vermont's Renter Rebate Program** to House Ways and Means Committee. Committee members were engaged but somewhat skeptical. The Committee has long had concerns about the program, which prompted the required study. In addition to presenting the Council's recommendations for improvements to the program, urged committee members to keep the impact on the cost of housing in mind as they deliberate over property tax reform.
- **Mobile Home Park Bill:** Rep. Bill Botzow is drafting an expansive mobile home park bill that would require the Department to create a system for licensing mobile home parks, create an electronic reporting system for habitability, expand our enforcement authority and require us to determine reasonable rent increases. A meeting with the Chairman and Legislative Counsel is scheduled for Friday. We will share our concerns with the bill and offer an alternative approach based on the recommendations of our 2013 mobile home park study.
- **Misc Tax Bill:** We think there has been some cross communication with Tax on the 10% property tax adjustment on certified multifamily homes. Jen worked with Mary last year to save this. Jen and Mary talked this year but Jen never saw the language until the bill was submitted. As submitted, this year's bill eliminates it unless a municipality asks for it, which is unlikely. Jen will be connecting with Mary to try to straighten out.

PATRICIA MOULTON, SECRETARY

Vermont Enterprise Fund: We hear Cynthia Browning may introduce an amendment on the floor to enable Mack molding to access VEF funds. Lucy and I will work to garner support to kill any amendment.

I meeting with GW plastics Friday, I expect this will come up. We are in communication with Janet Bombardier about the R&D benefit for IBM/global foundries. She's going to be running it through her corporate team. She's also inquiring about VEGI. Not for purchase of campus thankfully, but for future expansions.

EB5: We're working with Susan Donegan and her team on reviewing the ANC bio materials. I've informed Alex MacLean that this review is happening with DFR. I've also been talking with Alex to try to keep this moving forward. The latest round of information we got from Jay peak follows their pattern of giving me giving us some of what we need but not all. Alex has shared her frustration, and I have shared mine. Alex and I seem to be making progress. We are moving toward a meeting with DFR to lay out what we need for compliance.

Windham County Economic Development Program: Fred Kenney and I are making progress on the rewrite of this process. I'm going down to Brattleboro February 5 for a series of meetings. I want to connect with you on the updates in mid-February.

Agency of Education: Started a great conversation with Rebecca and her team regarding the alarming population declines. We're going to work more closely together on appropriate education data to assist in economic development. We are going to continue to discuss strategies. This will likely lead to a broader conversation about strategies with other agencies. Stay tuned for more.

LUCY LERICHE, DEPUTY SECRETARY

- **VCRD's Economic Opportunity through Combating Climate Change Initiative:** Lucy did a community television spot promoting the upcoming Summit with Paul Costello and Ross Snead. The VCRD Board voted to approve the members of the Economic Climate Change Commission. From the Administration, Lucy and Sue Minter will be part of the Commission.

DEPARTMENT OF ECONOMIC DEVELOPMENT: Lisa Gosselin, Commissioner

- **Way to GO DED!!** It's annual report time and there's good news: Every Department of Economic Development program hit it out of the park this past year. This past year we've seen significant growth in the dollar volume brought to the general fund (\$24.3M in Captives and \$2.4M in VEGI long term payroll tax revenue,) to businesses (\$103M in contracts via PTAC, \$4.7 million via VEGI, close to \$1M via VTP, close to \$100M in new EB-5 projects in the queue) and to Vermonters (2,184 workers went through the Vermont Training Program and received, on average an 11.2% wage increase; EB-5 projects created more than 1600 direct and indirect jobs). Not

to mention the \$814,000 in Windham VY Economic Recovery grants. There are some great people here leading and running some amazing programs -- you should be proud! Every program increased the dollars they brought to the state, its businesses and/or to workers by at least 10%. Special kudos to PTAC which has seen a 300% increase since 2012.

- **Business Outreach:** Cabot Hosiery received a VEGI award and is planning to hire and expand in Northfield but has been concerned about applying for permits because of a deer buffer zone issue. Shared the issue at hand with Commissioner Louis Porter and Ron Shems and explained the situation. Connected Cabot's Ric Cabot and Northfield town manager with the people Commissioner Porter and Ron Shems suggested they speak with. Will follow up on progress next week.
- **New Business Recruitment:** For over a year, Lisa has been meeting with Rob Foregger, a founder of Everbank, who has gone on to start an online financial advisory/401K firm NEXT Capital. NEXT Capital is based in Chicago and Rob has been considering opening a branch in Vermont that would feature a high-level call center as well a hub for the online firm. NEXT received some funding from VCET and has closed in on another round and is starting to make plans to hire software engineers in either Chicago or Stowe, Vermont. Lisa connected Rob with Fred Kenney and suggested he do a VEGI pre-app and also discussed training opportunities, Great Jobs in Vermont and the software/engineering pipeline Vermont is hoping to spur via programs such as Vermont Strong Scholars and VTech. Lisa also spoke with Nathan Irons of Maryland's Bluestone Financial Group. Nathan is looking at starting a national insurance business here in Vermont and has been discussing regulatory issues with Kaj Samson at the Department of Financial Regulation. There are a few key regulatory issues that could tilt the odds in Vermont's favor. Lisa has reached out to Commissioner Donegan to make her aware of the situation. Nathan will be meeting with DFR on Tuesday, Jan. 27 and Lisa is arranging a meeting at DED for Jan. 26. Lisa has shared information with recruitment team, Fred Kenney and Kiersten Bourgeois.
- **Creative Economy:** Lisa met with David McGowan, an international digital media executive and founder of the Woodstock Digital Festival. David has successfully launched a number of digital media companies in Europe, where he is based, and would like to grow Woodstock Digital into the "Sundance of digital media." Discussed partnerships with Vermont educational institutions and media outreach for this festival which highlights cutting-edge programs in digital media.

BUSINESS SUPPORT ♦ Ken Horseman, Senior Economic Development Specialist

- **Superior Technical Ceramics - St. Albans:** The company requested a meeting to discuss resources to assist them in building an ongoing internship/apprenticeship program. Several sources were shared, as well as information on posting positions on greatjobsinvt.com and JobLink.
- **Kingdom Brewery – Newport:** The business began operation in 2011 and has grown steadily. This past year they are growing so rapidly they are selling all product they make. They did receive a Working Lands grant but were largely unaware of the areas of possible assistance. We reviewed programs and services to assist with future needs including new space and equipment. One issue he raised is the missed opportunity to recycle the plastic agricultural wrap he uses on the farm. They referenced a pilot program in 2014 with Casella, but have not heard any outcomes. Appropriate referrals will be made.
- **North Country Engineering – Derby:** Business remains strong with more defense contracts primarily with a MA firm working on microwave radar and components for the Aegis destroyer. It will triple their revenue over the next two years. Full time employment is at 32 working two shifts. They are embroiled in a difficult water permitting situation with ANR. The healthcare exchange is working very well for them with better benefits and lower costs to the tune of about \$50k annually. Appropriate referrals will be made.
- **Jenne Machine – Lyndonville:** The company is experiencing steady business but with little growth employing 13 fulltime. Their primary customers are sensor manufacturers. They were largely unaware of any programs or resources and a review of areas of assistance was well received. Appropriate referrals will be made.

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- Alongside Deputy Secretary Leriche, represented ACCD on the **Working Lands Enterprise Board** as we decided which **Service Providers** to invite full applications from. Based on 41 LOI's totaling \$2.9 million in requests, we chose 15 applicants to move forward. Total requests from those 15 selected are \$719,000. With approximately \$350,000 to award in this area, about half of those invited to submit final applications will receive funding (final decisions in March).

FINANCIAL SERVICES ♦ Dan Towle, Director

- **National Automobile Dealers Association:** Dan will be attending the NADA conference this week and weekend. The auto dealer sector has potential to be a growth area for captive insurance as it is still underdeveloped when it

comes to captive insurance. Vermont has always had the manufacturing sector of the automobile industry, but has just started to grow the dealer sector. The Vermont Automobile Dealers Association formed a Vermont Captive in 2014.

- **Year End Captive Insurance Press Release:** Dan put out a press release announcing our year end statistics already shared in a previous weekly. The release included a quote from Governor Shumlin and announced the growth of Vermont's captives writing nearly \$30 Billion in gross written premium volume last year. This is the largest of any domicile.

VERMONT TRAINING PROGRAM ♦ Beth Demers, Director

- **SSW Contractors:** Beth Demers continues to work with SSW Contractors of Morrisville. The company is looking at a physical and employment expansion in 2017. In order to prepare for this they are working toward a certification that would give them a significant competitive advantage. A final draft of a VTP application should be submitted by the company by the end of the week.
- **VTP Annual Report:** Jess Simon and Beth Demers have completed the VTP FY14 Annual Report. The report was submitted to the proper legislative committees and will be posted on the VTP website. Among the findings is the continual wage increase seen by employees who receive VTP assistance. For FY14, employees participating in VTP grants saw a median quarterly wage increase of 11.2%. In FY13, employees participating in VTP grants saw a median quarterly wage increase of 10.6% while the statewide average increase decreased by 1.3%.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT: Commissioner MacKay and Deputy Commissioner Hollar

Deputy Commissioner Hollar

- **CONFIDENTIAL - Brooks House:** This project was among those selected by HUD for close examination during its monitoring of the CDBG program last August. We received the preliminary results in a phone call this week. HUD will issue a finding on the project related to documenting that it has met one of the national objectives of the program. This means we will need to gather additional information on the jobs created. Once we receive the formal finding and negotiate with HUD around the information required, we will contact the project developers. We made clear in the call that this project is completed and our ability to track down information is much less now than when they first raised the potential concern in August.
- **Housing Council:** Led the Council's bi-monthly meeting. Focus was on housing-related tax credits and property tax provisions for affordable and multi-family housing. Members strongly oppose the provision in the Administration's Miscellaneous Tax Bill that ends the 10% adjustment for certified rental properties unless municipalities allow a renewal. Also engaged in a long discussion of how to tackle homelessness among families.

GRANTS MANAGEMENT ♦ Ann Karlene Kroll, Director

Community Development Block Grant – Disaster Recovery

Home Investment Partnership Program (HOME)

- Delighted to report we have no Findings from the HUD monitoring visit that was conducted August 6. The review was based on Pre-HOME Final Rules, and VHCB is well underway with implementation of changes to meet the additional requirements under the Final Rule to ensure the next monitoring goes as well.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

State Architectural Historian

- **Farmstead, Chelsea:** The Division is reviewing a project in Chelsea involving an after-the-fact Act 250 permit application to convert a barn into a retail store. Although extensive alterations to the barn have already taken place, and the Vermont Advisory Council on Historic Preservation has determined that prior to alteration the barn was eligible for listing in the State Register of Historic Places. The owner of the barn was present at the Advisory Council meeting when the Determination of Eligibility was made. Now the Division will continue consultation with the owner to resolve the adverse effects of the project on the barn and offer a recommendation to the Act 250 Commission. The Advisory Council will be updated at the next meeting of the changes to the building.
- **Hubbardton Battlefield:** The Division has submitted a grant application to the American Battlefield Protection Program (National Park Service) requesting funding to update the Hubbardton Battlefield National Register nomination. Written in 1971, the existing nomination is only four pages long and does not adequately document the historic significance of what is the only Revolutionary War battlefield in the state. Revising the nomination is

the first step towards determining whether or not Hubbardton Battlefield is worthy of designation as a National Historic Landmark. Grant awards will be announced in July 2015.

- **Stone Trail Meeting:** Devin participated in the kick-off meeting for the new Stone Trail being organized by the VT Dept. of Tourism & Marketing. Vermont's slate, granite and marble resources all feature prominently in historic buildings across the state, as well as the nation, and we look forward to partnering with VDTM on this project.

Environmental Review

- **VCFA:** Consultation continues with the Vermont College of Fine Arts, Inc. on the multiple projects subject to Act 250 that are planned for their Montpelier campus. Recent conversations included finalizing a few remaining design elements and initiating discussions to identify and agree upon mitigation suitable to offset the significant adverse effects from treatments planned for a number of historic buildings. In addition, the College has requested approximately \$2,000,000 in loan guarantees from USDA for work on Alumni Hall and Schulmaier Hall, and the Federal agency has initiated Section 106 review with SHPO for this project. Interesting that now we have reached resolution, they aren't responding to emails.
- **Small Scale renewable Energy incentive Program:** January has been a busy month for Yvonne with the final push for residential solar incentives. In the month of December, Environmental Review received more than 92 residential solar PV reservation forms for review under the Vermont Small Scale renewable Energy incentive Program (SSREIP). On December 31st, 2014, the SSREIP ended the current incentive for residential PV systems. Solar Hot Water incentives will continue and the new Modern Wood Pellet Heating System program began January 1, 2015. ER has already received several wood pellet heating system submissions in the New Year.

HOUSING ♦ Arthur Hamlin, Housing Program Coordinator / Shaun Gilpin, Housing Policy Specialist

- Shaun and Jen met with representatives from the Department of Public Safety and the Health Department to make plans for creating a training for Town Health Officers to understand their potential authority to declare private residences "condemned to be destroyed" in the case of a declared disaster. This effort is the result of legislation passed last year that aimed to address issues with condemnation authority in the Irene response-recovery; the lack of which caused many Vermonters affected by the flooding to be ineligible for full FEMA Individual Assistance.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

CDBG-Disaster Work

- **Roxbury Buyout:** A new opportunity to purchase, demo and return the property (a destroyed home near the fish hatchery) is being discussed. The property is now bank owned, the former owner did not want to participate in the buy-out program, but now the bank is seeking \$20K and the state owned fish hatchery is very interested in the property being removed as it contributes to the flooding problems at the hatchery. Working with the HMGP & Two River RPC to assess the possibility including this property in the existing buy-out program.

Regular CDBG

Other

- **Ending Family Homelessness:** Attended presentation by AHS on goals and strategies to end family homelessness in VT by 2020. Challenges include need for more resources for rental subsidies and the need to build more units of affordable housing available to households with an AMI under 30%.

DEPARTMENT OF TOURISM & MARKETING: Megan Smith, Commissioner

- Megan continues to meet with communities around the state about new projects and events:
 - Our multi-byway southern Vermont itinerary has been named "Palate to Pallete" and will feature the arts, Agritourism, and culture along several byways from Rte. 4 south. This is a project with Rutland Planning Commission, Rutland Area Farm Link and VDTM.
 - We have a new Gran Fondo bike event happening in Pittsfield on the weekend of September 12. A Gran Fondo is a distance bicycle race through mountainous terrain. The promoter is from New York, but he is working with Joe Desena in Pittsfield to promote to his Spartan and Death Race participants. This makes a total of three Gran Fondo events this summer, including the VT Challenge in Stratton and The Gran Fondo in Addison.

Steve Cook, Deputy Commissioner

- **Press Conference with Congressman Welch:** Cook will participate in a press conference with Congressman Welch on January 23 at the Vermont Ski Area Association offices in Montpelier. This conference will focus on

Brand USA, the national tourism promotion organization that focuses on international travel. VDTM has worked extensively with Brand USA over the last three years and will share examples of our collaborations.

COMMUNICATIONS ♦ Laura Peterson, Director of Communications

- **Media Support:** Laura and Catherine brought NY-based reporter Kimberly Wilson to the Rokeby Museum, the Vermont Folk Life Center, and other stops on the African American Heritage Trail. We're hoping for excellent coverage.

CULTURAL HERITAGE TOURISM ♦ Catherine Brooks, Cultural Heritage Tourism Coordinator **Support for Businesses and Organizations**

- **Ambassador Program:** We have another new, state-certified Ambassador: Judy Daley, owner of Vermont Country Deli Market in Brattleboro.

MARKETING ♦ Patrick MacCormack, Digital Marketing Coordinator

- **January Consumer eNewsletter:** VDTM sent out the first [consumer newsletter](#) of 2015. Articles include call-outs to the celebration of Martin Luther King Jr. Day and African American History Month, Ice Fishing Season, Winter Festivals for 2015, XC Skiing and Vermont Arts 2015. In a little less than a week since it was distributed, we have seen a positive open rate, matching the established average for click throughs to additional information. These numbers should continue to climb as more people browse through their emails.

RESEARCH & STATISTICS ♦ Greg Gerdel, Research & Operations Chief

Research

- **2013 Benchmark on the Impact of Visitor Spending on the Vermont Economy:** Final review of comments from staff and members of the Travel Recreation Council has been incorporated. Formatting of the full report, executive summary and 2013 Fact Sheet will be completed early next week.

VERMONT LIFE ♦ Mary Hegarty Nowlan, Editor/Sky Barsch, Associate Publisher

- **Circ:** Had a long discussion with Shain Oringer about circ issues. Bottom line, our circ numbers and income are good and do well in the context of other publications. We have another direct mail campaign going out in March.
- **Advertising:** \$44,473 for the Summer issue so far. The Vermont Arts Council has committed to a \$10,000 ad buy for SU, AU and WI15. We are very pleased to have them join our pages! We sent out a Vermont Life Selects for Hotel Vermont and it is performing very well—there were over 200 clicks on the deal in the first 24 hours.
- **Stats:** Total subscribers (not counting newsstand) as of 1/3/14 is 32,699 (+1.37% over 12/23/14, and this report has not been run since as there is a cost associated with it.) Facebook likes: 15,731, + .31% WoW; Twitter 12,800, +1.59% WoW.

CHIEF MARKETING OFFICE ♦ Heather Pelham, Marketing Manager

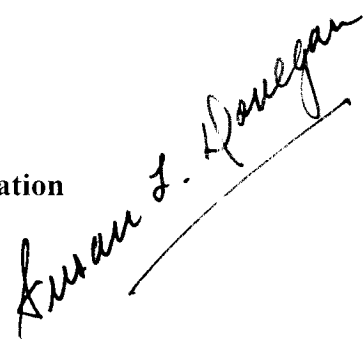
- **New CMS Website Template:** The first group training session was held this week for new users of the SOV website template (Adaptive Technology Program at DAIL is first in). All went very smoothly and participants found the system easier to use, in addition to enjoying the new features and overall look and feel. A soon-to-be-developed training website will supplement these in-person training sessions so users will always have a reference available for common tasks and FAQs.
- **DHR Newsletter:** Discussions began this week on the opportunities and challenges of transitioning the current HR communications bulletins to an e-newsletter format, which would be expanded to include more varied, timely and in-depth content. While the advantages are clear (user-friendly look and feel; usage and engagement analytics; cross-promotion opportunities), there are some significant hurdles to be worked out (list management cooperation with DII; access to all SOV e-mail accounts) before this initiative can be implemented.
- **Design:** Projects this week included: six new display panels for the Agency of Agriculture to use at next week's Farm Show, focused on water quality challenges and available solutions; support on final production of PTAC outreach materials; and completion of the AOT Fact Book and Annual Report – finally!

State of Vermont
Department of Financial Regulation
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For consumer assistance:
[All Insurance] 800-964-1784
[Securities] 877-550-3907
[Banking] 888-568-4547
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CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: January 23, 2015
Re: Weekly Report



Captive Insurance Division:

The Captive Division kicked off the new year by licensing a new captive insurance company bringing the number to 1030. Emergency Physician Insurance Exchange was established in Nevada in 2003 and is now redomesticating to Vermont. The members are emergency medicine specialists who contract with hospitals to deliver and manage professional services.

Insurance Division:

Commissioner Susan Donegan has been appointed vice chair of the National Association of Insurance Commissioners (NAIC) International Insurance Relations Committee. The committee coordinates the NAIC's participation in international discussions on insurance regulatory matters and standard setting issues. It also manages international insurance matters with federal agencies including the U.S. Treasury and the Federal Reserve Board.

Banking Division:

Cynthia Stuart will begin working on Monday as the deputy commissioner of the Banking Division. Ms. Stuart has 18 years of experience in the retail/community side of banking and she brings both current operations and senior management skills to the job. She has worked at several federal community banks in New Hampshire, some of which have branches in Vermont. A native of the Northeast Kingdom, she lives in Concord.

Securities Division:

DFR and the Agency of Commerce and Community Development have begun working together on EB-5 issues. DFR is in the process of reviewing the amended private placement offering memorandum for ANC BIO and anticipates meeting with project personnel soon.





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**CONFIDENTIAL AND PRIVILEGED
MEMORANDUM**

TO: Governor Peter Shumlin
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: January 23, 2015

Press Contacts:

Amy Fowler spoke to VPR about the teacher equity work

<http://digital.vpr.net/post/report-schools-poorer-parts-vt-tend-have-fewer-experienced-teachers>

Rebecca spoke to WCAX about the SU merger and why it was important -

<http://education.vermont.gov/laws/2010/act-153>

Josh O’Gorman, VT press bureau spoke to Rebecca on demographics and the Penn State piece

Julie Kelley, a reporter from WCAX, spent the entire day at Folsom School in South Hero for a story on this school and their work with SWIFT (our early intervention initiative around social and emotional learning and multi tiered systems of support) This will be the WCAX kick-off for their segment on “30 Schools in 30 Days”. This will air Monday.

Tiffany Pache of VT igger spoke to Rebecca around Mergers.

Anne Galloway and Amy Ash Nixon of VT Digger on data and small schools grants

Josh O’Gorman asked Rebecca about small schools grants and the impact of their elimination

See also news story list at end of this SWR.

Public Presentations/Speeches/Meetings:

Tuesday: State Board of Education

Wednesday: Population projections and economic development: We invited folk from ACCD and Labor to join us for a discussion of the demographic projections and began a good conversation around strategies moving forward. Good people, and we learned form having this conversation. Looking forward to our next meeting.

Thursday: Tom Lovett and Laura Pelosi of St. Johnsbury: We meet frequently with Tom. He is a good partner, and a good person to work through issues related to independent

schools. We have a shared interest in not having all the same rules apply to publics and independents. We also really need him and Mark Tashjian as partners to help education kids in the NEK and Burr and Burton. Fortunately, these are both very strong schools with strong leadership. More on this below.

Thursday: Kevin Ellis/The Sharon Academy: Kevin wanted to know what I thought would happen this session and how it might affect Sharon. He asked me whether I thought he should bring their team up. I told him he should do what he thought best, but that if I were him, I would 1) try to make sure this session was not about Sharon Academy, and 2) reach out and work really closely with St. J's .

Emerging issues

Market Economics/Choice versus education as a public good.

The debate in the legislature and in my constituent contacts seems to be slowly reframing around the question of whether education is a public good which we provide for the benefit of all children, or a consumer good, which we support but towns and parents purchase with public dollars when they choose where to send their children. In actuality, in VT, we currently have a hybrid model. Our operating towns are operating to provide a public good to their communities. In contrast, independent schools are like our version of a charter school sector, and individuals in choice towns are shopping for options. However, given the decline in enrollments, because of this choice model, the laws of market economics now apply across public and private sectors to both operating and non-operating towns, in ways that benefit and hurt both operating and non-operating towns.

Bottom line: outside our strongest systems and big schools with monopoly advantage, schools are in direct competition for students. The ones that will survive are the ones that will get to scale or are able to leverage dollars beyond the public finds (e.g. independents that engage in fundraising).

This has created pressures and demands around fairness in the legislature (e.g. same rules around tuition, equity in obligation to students with disabilities, fiscal oversight, etc...) It is also going to create fiscal pressures as schools either have to spend more to attract students, or struggle fiscally as they lose students.

Areas that are likely to lose their schools will towns with limited business bases or close commuting proximity to some center of activity (e.g. Dover and Cabot) and areas that lose their schools will be small towns that have limited economic activity, are geographically isolated, or are off any commuting path. The market won't put students in their seats.

If we think of what is happening this way, we can anticipate both the challenges we face, as well as the concerns that will surface in the legislature. The Penn State report, as incoherent as it was, fits into this logic for the most part. They are correct that schooling in rural

communities is integrally connected to economic development. I think their solution would narrowly benefit the Dovers and Cabots at the expense of the Concords. They are mistaken in thinking a school can save a town, but they are correct that when the school leaves, some of these towns may die.

By pushing district consolidation, and challenging towns to think regionally, and not just within their borders, rather than pushing school consolidation, we buy a little time through administrative savings. We still need an economic development strategy to address the larger economic and demographic changes taking place, or market forces will close these schools. Whether we think that is bad or not is a function of both ideology and proximity.

One strategy for containing costs and facilitating consolidation of governance of operating districts might be to float the idea of a statewide district for all tuitioning students. Towns that operate would have a board to govern the grades at the level at which they operate. However, at the levels at which they tuition, they would be members of the statewide tuition district, which would basically be just a business office to manage the accounts and payments to schools receiving students. There would be no need for a board, since tuition towns have no say over the operation of the schools that serve their students. This would lead to business efficiencies for tuition towns, and ease of mergers if needed for operating towns, which would no longer be held back by tensions around choice within a district.

St. J and Danville

I have been speaking with Tom Lovett of St. J, and will be meeting next week with Mat Forrest, the Supt. in Danville. Basically what is happening is that as the public schools around St. J's get smaller and weaker, the NEK is becoming a monopoly market around the Academy. (Same thing is happening around Burr and Burton). Fortunately, St. Js (like Burr and Burton) is a great school with a strong public purpose. However, Tom and I agree it is not in the interest of any of us to have all the public high schools in the region close. It removes his fiction of being selective and a choice, and it means there is no alternative for kids for whom St. J does not fit, nor any public base to build from if St. J, perish the thought, ever decided to not serve all publicly funded students.

We have begun discussing ideas/opportunities for partnerships between St. J and Danville that would strengthen Danville, create some flexibility and choice in the region, including for St. J students. For example, Danville could implement an IB system that would appeal to some of Danville's international students, and St. J is open to investing resources in a satellite site in Danville focused on something like science/sustainability. We are going to do all we can, which is little beyond exercise human capital, to try to make some kind of partnership viable. I don't know if it will be enough.

Tuitions

Some debate will come up around tuitions this year. We are being asked about this heavily. I understand the desire to not have any limits on this, but we may need to have some fallback

compromises with which we can live. We could, for example, steer the ban on out of state tuitions to tuitions paid to schools beyond non-contiguous states. Another issue being discussed: caps on tuitions. The logic for the tuition cap is that public tuitions have public oversight, and are set by elected boards. Privates can be fully funded by public dollars, as some are, but have no public oversight nor incentive to cap or control costs, particularly in towns that are heavily supported by the education fund. Also, privates can include busing in tuitions, and publics can't.

I discussed this with Tom Lovett. The independents don't want a hard cap on tuitions at the statewide average in legislation. A fall back could be to say that the public schools have a pretty wide range on tuitions, and the publicly funded portion of independent school tuition need to fall within that range. There are a few public options more expensive than all the academies but Thetford, so that would give a pretty broad range. There will also be some requests for us to clarify what can and can't be included in tuition calculations (buses and bonding are the big issues). That request has come from both independents and publics.

Moratorium on cost-increasing legislation

Some of what has come up so far would increase costs to the education fund, including the school choice language. Let me know if you want us to start flagging proposals against that metric.

No strike/binding arbitration

Also, you should anticipate that one of the biggest criticisms of the no strike/binding arbitration proposal is that it will increase costs, some would say substantially. Again, this will be very unpopular with school boards and administrators. This is a gift to the NEA. Don't let Joel Cook tell you otherwise. I would do my best to extract something in return — perhaps bring the number of personal and sick days in line with the state contract or something related to health care. The teachers are allowed quite a bit of leave time in some districts, and the numbers suggest they may take what they have in the contract.

Cost-containment

We are working on ideas fiscal incentives to contain costs in larger schools as well. In the end of the day, we also have to encourage our growing schools, which are our bigger schools, to be efficient. We don't want to lose sight of the fact that the small schools are not the only problem.

Education Related News Articles: for this week:

[Vaccine Exemptions Back in Spotlight After Measles Outbreak](#)
[Apple Inc. \(AAPL\) iPhone Usage Varies By Education, Po](#)
[Shumlin: Economic growth is key to agenda for progress](#)
[Mount Anthony Union Board adopts budget](#)
[Tiny schools are a big reason for rising taxes](#)
[Could consolidating school systems hurt rural Vermont?](#)

[System to collect, share **Vermont education** data begins rollout](#)
[Universal School Choice is the Answer to Property Tax Crisis](#)
[Rebecca Holcombe & Wendy Geller: Response to Penn St](#)
[Vermont school and day care exposed to tuberculosis](#)
[**Family of Vermont hazing, suicide victim backs hazing bill**](#)
[Only 13 States Are Committed To Protecting Transgender Schoolkids](#)
[Tiny schools and taxes](#)
[Report: Schools In Poorer Parts Of **Vt.** Tend To Have Fewer ...](#)
[Ed Agency: Study on consolidation misrepresents data](#)
[System to collect, share **education** data begins rollout](#)
[**Vermont** ski area leases of state land badly outdated, audi](#)
[**Vermont** lawmakers pitch changes to the state's **education** system](#)
[Penn State report on **VT** school consolidation](#)
[Nixon and Hewitt join staff of VTDigger](#)
[Into the future](#)
[Mentoring matters](#)
[Fix it, please](#)
[Dresden School Budgets Submitted](#)
[School Districts Set to Merge](#)
[Mount Mansfield Union student wins Sanders' essay contest](#)
[Your opinions: Removing Morrissey from panel was wrong](#)
[Opinion: End **education** power grab](#)
[Holcombe shifts debate to school size](#)
[Local rep. tapped for **education** committee](#)
[Opinion: Teacher pay drives school spending](#)
[School Officials: Windsor Paying Unfair Tax Share](#)
[Study: Merging **Vt.** schools won't solve cost problem](#)
[Most U.S. Students Come From Low-Income Families](#)
[Education funding raises specter of two Vermonths, expert](#)

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: Jan 23, 2015
Re: Weekly Report

Status of Governor's Priorities: .
none

Legislative Issues/Contacts:

Appeared before Hse Comm on Gen, Housing & MA for general update on lottery. 5 new members on committee so very general explanation about lottery as enterprise fund, games, expenses related to game types, problem gambling grant, and why states have different sales and profit levels. A few questions were asked about new game consoles and our view of success so far. I answered that they were going well and that I believed there is room for growth for another 100 due to the acceptance by businesses and players so far. We also provided some comparisons to break opens tickets and that some lottery products will compete with break open sales due to similarity of cost, prizes and ease of play.

Press Issues/Releases/Contacts:
none

Significant Events/Meetings:

VT Lottery Comm meeting held on Wed Jan 21. Discussed why and how sales are up and profits are down, primarily due to instant ticket printing expenses and agent incentives. Draw games sales are struggling to reach high jackpot levels which continue to suppress sales for these higher profit games. Received authorization to enter into agreement with website vendor. Discussed meetings held with two persons interested in joining lottery commission, and that all commissioners should reach out to potential candidates.

Met briefly with Gov Shumlin, Liz Miller & Aly Richards regarding diverting some lottery profits to VT Vet Home. Had follow-up meeting with Comm Reardon regarding talking points with legislature and current sales results that could lead to this funding.

Evolving Issues:
none

Summary of Key Agency Department Activity:

Final programming completed for Lucky For Life game change which improves odds of winning, increases lower prize payouts and had 8 new states joining the New England states in offering this game.

Prepping for meeting next week with Hse Approp Comm Liaison on FY16 budget.

Executive Director's Commentary:

I will be sending notice to our gaming vendor, Intralot, in the next week or so claiming damages for system programming work from last fall. Unmet deliverables, quality of work at various stages, and delays that resulted in overtime by lottery staff are cited. The total claim is approx \$50,000 (OT is \$1,700). We are under contract with them through June 2018 and need them to improve their approach to our quarterly system upgrades.

OFFICE OF THE SECRETARY

Phone: (802) 828-2657

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Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Sue Minter
DATE: Friday, January 23, 2015
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Legislative Activity

The focus of our week was to introduce the details of our budget, by Division and appropriation, to the Transportation Committees which has gone relatively well thus far. Of significant concern to us is this week's **EBoard revisions to our TIB fund which, when FY15 and FY16 are combined, will result in a \$6.4 million hole.** When we met with you in December, we discussed the lack of a "floor" for the TIB (which is now a part of our restructured T-Fund gas tax, and is protecting our T-Fund from similar decline). In December we did not understand the relative loss of TIB value and the outlook for continued low price from the economists. We met this week with the Treasurer to discuss the concept of utilizing TIB for rail investment (for potential FY17 Western Corridor investment) per your direction. She is supportive of this use. The Treasurer also assessed that gas price decline results in a TIB value depreciation in the range of 25% devaluation. Our TIB decline makes our FY16 budget very challenging, but is also of even greater concern for FY17 if we intend to bond for the Western Rail corridor project. That is why **we are supportive of pursuing the TIB floor this Session, if we have Legislative support. We know that Chair Brennan raised this with you, and we are working with him to support his efforts.**

We have also presented testimony on our **Position Pilot**, which has generated some interest and attention (from both House Gov Ops and with House Trans). We are taking a cautious approach to this with the goal of demonstrating savings to the T-Fund by reducing our dependency on (more expensive) contractors who we spent over \$20M on last year alone.

Finally, I was officially **confirmed by the Senate**; my confirmation "hearing" included testimony from the Lt. Governor questioning my loyalty to the House over the Senate as a former House member, and ended up in a long discussion about figure skating, skiing, and our state IT investments (note that **Sen. Mazza is truly concerned about and uncomfortable with, our IT proposals in the Capital bill**).

Removing Transportation Barriers to the Poverty Cycle

As you may know, your Poverty Council has issued a report that identifies transportation access as one of the key barriers to removing the cycle of poverty. I met this week with Chris Curtis (Legal Aid) to discuss strategies to address this. One issue relates to the overuse of license suspension as a penalty for offenses, many of which are not even driving-related, which trap people into having to essentially break the law to get to work. Rob Ide reports that this is an issue that other states are trying to address as well, and Vermont ranks as one of the states with the highest # of offenses that lead to license suspension as a penalty. I am working with Chris Curtis, DMV and TJ Donavan to get at this problem. We are supporting TJ's call for an "Amnesty Day", and working with legislature on a longer-term strategy for reducing the use of driver suspensions.

NOTES FOR STAFF

My Schedule

I will be traveling to California (LA) to present at a conference ("VerdeXchange") on Sunday-Tuesday. I was invited to present at this conference due to my work with the Task Force. All travel expenses will be reimbursed. I will return via DC, where I will staff the Governor for his Testimony to Congress (Senate EPW). Aly and I are corresponding with NGA on our Testimony. **Chris Cole will be delegated authority in my absence.**

DMV Charge of Discrimination

Rob Ide reports that on January 20, 2015 the Department of Motor Vehicles received a Charge of Discrimination in a place of Public Accommodation filed against us by Abdel Razaq Mohamad Mustafa Rababah. We are actively working on a response which must be received prior to January 29, 2015.

Rail

The VTrans Rail Section leases to Rich Christianson the property where Plainfield Hardware is located. Mr. Christianson has not been paying his lease, has no intention to do so and is unwilling to vacate the property. In approximately one month VTrans will be initiating an Enforcement Action against Mr. Christianson. Lt. Governor Scott and Rep. Brennan have been briefed; Rep. Kline will be briefed early next week. A similar issue arose about 5 years ago. This issue is likely to become public.

The Amtrak Vermonter has successfully moved over to the Knowledge Corridor through Massachusetts. The Greenfield and Northampton stations are open. The Holyoke station will open later.

White House Task Force

Our Mapping team reports that we have received Part 1 of a federal grant for LiDar, which you will recall was one of the outcomes from our Task Force activity. I have communicated to CEQ staff (including those engaged in HUD/ Infrastructure resilience) the unfortunate news that Vermont has decided not to apply for the Resilience grant,

and described the many challenges to the application process, and grant administration process that prohibits our participation in this important opportunity.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Hal Cohen, Secretary of Human Services
Re: AHS Weekly Report
Date: January 23, 2015

Highlights:

AHSCO:

Trauma Conversations pg. 2
Conceptual Model of Operational State of Health Care Eligibility and Enrollment pg. 2

VDH:

Tuberculosis Investigation pg. 2
63% of Vermont Adults are Obese or Overweight pg. 3

DMH:

Vermont Psychiatric Care Hospital (VPCH) pg. 3
Health Care and Rehabilitation Services of Southeastern Vermont (HCRS) pg. 3

DAIL:

Major change in Voc Rehab's programming to be announced next week pg. 4
Rutland Mental Health Services (RMHS) Independent Review pg. 4
Adult Family Care Home found for elderly man in Springfield cannot meet his needs pg. 4

DOC:

Meeting with Senator Sears pg. 5

DCF:

Vermont's Child Poverty Rate from 2009 to 2010 pg. 5

Secretary's Message

This week I testified before 3 House Committees (HHS- FY15 BAA, HGO- Overview of the Agency and HCED- Economic Development) and SAC on the FY15 BAA. The meetings were good opportunities to introduce myself to the members and to present an overview of AHS and the priority work underway across the Agency. HCED is a committee that has not generally engaged with AHS, however, Chair Botzow and other members were receptive to our coming forward with recommendations for ways they could expand their view toward helping people move out of poverty. I will follow up to strengthen our connection with that committee. The budget testimony has gone well and the members are anxious to begin delving into FY16. HAC has indicated their permission for other committees to hear from AHS on the FY16 budget before we present to HAC. This is out of the normal order of things and we are preparing to testify at HHS next week, with HAC testimony beginning 2/2.

Agency of Human Services Central Office (AHS CO)

Medicaid Transportation Discussions

AHS has initiated conversations with the Transportation providers to address the development of a comprehensive system of supports around transportation needs for AHS clients. AHS spends approximately \$2.3 million dollars annually and needs the ability to create a robust, usable system across all needs.

Trauma Conversations

AHS began conversations around trauma and how to best use the interest from the legislature to move this complex issue forward in relation to service delivery and better treatment and health outcomes.

Medicaid Assisted Treatment (MAT) for Opioid Dependence Transportation Solution

AHS facilitated work across ADAP and DVHA to address a transportation barrier for the parents of young children needing to attend daily appointments for MAT. Based on the analysis of data on the scope of the problem, AHS will be implementing an exception process to ensure that parents of young children without child care can access appropriate transportation so the parent can maintain a daily treatment schedule.

AHS Scorecard Testimony

AHS testified to Joint House Human Services and Senate Health and Welfare Committees about AHS Performance Accountability and Improvement. AHS demonstrated for the Joint Committee the AHS Results Scorecard, an online tool for managing and presenting data at both the Agency and departmental levels.

Vermont Accountability Group Steering Committee

AHS attended the Vermont Accountability Group Steering Committee meeting to discuss next steps for initiating Results Based Accountability trainings and other opportunities for the legislature, non-profits, and other state agencies. The VAG is a group of leaders of nonprofits, private foundations, Government, Benchmarks for a Better Vermont, and the legislatures who have received RBA training and are committed to bringing greater accountability to their organizations, their sector, and Vermont through the use of RBA.

Conceptual Model of Operational State of Health Care Eligibility and Enrollment

Per the request of applicable Health/Human Service Enterprise (HSE) executives, the HSE Organizational Change Management Unit has put forth the conceptual model of the future operational state of health care eligibility and enrollment activities. The framework was discussed and agreed to with executives on January 21st; executives requested an initial draft of the details (schedule, staffing, legislative authority, financial implications, etc.) that comprise a multistep implementation plan.

Vermont Department of Health (VDH)

Tuberculosis Investigation

VDH is currently investigating a case of active tuberculosis in a person on staff at Charlotte Central School. In addition to the possible school exposures, the case worked briefly at a child day care facility while infectious resulting in the exposure of young children and staff there as well. VDH is working with both the school and day care.

Vermont Pediatric Learning Collaborative

The Vermont Pediatric Learning Collaborative met on January 15. This collaborative was formed to support 10 pediatric practices to develop strategies for effective care coordination and develop a system of shared care planning across systems with the intent to improve outcomes for children. This learning collaborative is a partnership including Vermont Child Health Improvement Program (VCHIP), Blueprint for Health, VDH, Vermont Family Network, DVHA, community partners and families.

CounterBalance Dominates the Digital Space

A campaign video produced as part of the CounterBalance initiative has garnered nearly 50,000 YouTube views, making it the most viewed video ever hosted on the VDH YouTube channel. CounterBalance aims to educate parents and raise awareness about how the tobacco industry targets youth through advertising,

63% of Vermont Adults are Obese or Overweight

Two new data briefs exploring adult obesity in Vermont are now available. The first is a broad look at the correlation between nutrition, physical activity, chronic disease and obesity, while the second examines consumption of sugar-sweetened beverages as a contributing factor to obesity. More information can be found online: <http://healthvermont.gov/research/brfss/reports.aspx#briefs>.

Hypertension Management Programs Expand

Support and Services at Home (SASH), a program of the Cathedral Square Corporation, has expanded its hypertension management services to Franklin, Chittenden and Washington counties with funding from VDH. An evaluation of the program, which began in Rutland, Brattleboro and the Northeast Kingdom in 2013, found that participants were better able to manage their hypertension as a result of their successful completion of the program.

Providers Offered Continuing Education Credits to Participate in Tobacco Webinar

VDH is now able to offer free educational credits to health care providers, including dental professionals, for participating in a webinar on the 802Quits website “Tobacco Cessation: Helping Providers Work with Patients to Quit,” explores the fundamentals of smoking cessation for patients. Health care providers must complete evaluations before and after viewing the webinar in order to receive CNE and CME credits.

Department of Mental Health (DMH)

Vermont Psychiatric Care Hospital (VPCH)

The Vermont Psychiatric Care Hospital (VPCH) increased its census in the past week to 22 patients. The CEO, Jeff Rothenberg and Executive Medical Director, Isabelle Desjardin testified last week to HHS, which was well received. The hospital also gave a tour of the facility to all 10 members of the Committee. It has stabilized clinically after the patient assaults on staff in December. With additional training and the addition of traveling nurse staff, the hospital should be in a considerably stronger situation regarding staff by mid-February. Additionally, the CEO and Deputy Commissioner Frank Reed gave an interview to WCAX on the progress at the hospital, as it has been open now for more than 6 months. The interview should air the first week in February.

Health Care and Rehabilitation Services of Southeastern Vermont (HCRS)

HCRS has alerted DMH that the former Executive Director apparently received a significant payout over the past 3-years. The 990's showed that differed income and salary for those 3-years may have

reached \$1.1 million dollars. The new Executive Director, Board and Vermont Council are working with key Legislators regarding this recent information.

Department of Disabilities, Aging and Independent Living (DAIL)

Major change in Voc Rehab's programming to be announced next week

Changes in federal regulations now require that 15% of ALL federal dollars provided for vocational rehabilitation must be spent on youth in transition (Called PETS: Pre-Employment Training for Students). While VocRehab VT has always had a strong school presence for students nearing graduation, the need to divert an even larger share of resources and include students at other stages, has led to an overhaul of many of the Divisions programs and staff redeployment. This will have a significant impact on practices at designated agencies. VocRehab has crafted a comprehensive strategy that will hold the DA's harmless from a financial standpoint. VocRehab Director Diane Dalmasse will meet with the DAs Executive Directors and Developmental Services Director to explain the changes. The changes coincide nicely with the Governor's agenda for youth and workforce development and we believe it is ultimately quite positive. Nonetheless, it has huge implications and will be resisted by many.

Budget Adjustment inquiries focus on decrease in spending on seniors with moderate need

Due to current fiscal pressures, DAIL has proposed taking \$900,000 of FY15 dollars earmarked for seniors in long term care with moderate needs. The rationale is that this category of service is underutilized: on a cash basis, halfway through the fiscal year, we are about \$800K under budget. Push back is largely from adult days and home health agencies.

Increased scrutiny of Developmental Services delivery system reveals more areas of concern

Last week DAIL Commissioner Wehry became aware of certain practices – dating back over a decade – that are contrary to both Medicaid rules and DAIL System of Care Plan, which regulates spending in Developmental Services. One of these has allowed families and individuals who self-manage their services to bill time off *as if* billing for services that were provided. Another allows families to pay large bonuses for services rather than have unused funds returned to the Department for redistribution to others in need as required. Commissioner Wehry sent a memo on Thursday, making it clear these activities are prohibited and anticipates backlash. The AG's office is investigating one home provider. The fiscal impact has yet to be determined.

Rutland Mental Health Services (RMHS) Independent Review

Rutland Mental Health Services (RMHS) has been advised they will need an independent review in order to move forward with the re-designation process. Both DAIL and DMH have raised serious doubts about the adequacy of senior management in light of their response to serious deficiencies – with death resulting in one critical incident. We have met twice with the Board who is prepared to take action when their review is complete.

Adult Family Care Home Found for Elderly Man in Springfield Cannot Meet His Needs

Last week's report ended on a positive note for Robert Serreccio (RS), the elderly man with mental health issues, dementia and a history of violence who has been in Springfield Hospital emergency room since September but on investigation, the home was discovered to be unsuitable. As of today, a second home has been identified which the hospital discharge social worker has rejected because she fears there is too much stimulation in the household (the provider has twin daughters). DAIL believes

it is a viable home with adequate care and continues to work with all parties toward a successful resolution. DAIL has proposed to RS's daughter, who is his guardian, see the home before deciding.

US District Court Strikes Down DOL's "Home Care" Rule

As reported last week, the US Department of Labor's changes to Fair Labor Standards Act (FLSA) protections for direct service workers were blocked last week by the U.S. District Court. DAIL has prepared a memorandum explaining that among other issues, overtime pay will no longer be required. Our fiscal intermediary, ARIS, will distribute to the direct service workers.

Department of Corrections (DOC)

Meeting with Senator Sears

Sue Allen and Andy Pallito will meet with Senator Sears regarding the proposal to mandate home detention/confinement for certain cases. Senator Sears has expressed concern for this initiative. The DOC has budgeted for 400 out of state beds in 2016 which includes a projected savings for this proposal. The current out of state population is 401 and will be dropping to 371 within a couple of weeks. That being said, this proposal is in line with what the State has been headed in for a number of years. The Department will wait to hear if Senator Sears is willing to entertain part of a proposal on this initiative.

Population:

The department's incarcerated population averaged 1,965 for the previous week. The male population averaged 1,803 with 313 being presentenced. The female population averaged 161 with 35 being presentenced.

Department for Children and Families (DCF)

Legislative reports due the end of January:

- Due 1/27: GA Emergency Housing Statistical Report
This report is required by 2014 Act 50 Section E.321.2 and contains demographic information, de-identified client data, shelter/motel rates, primary causes of homelessness, and the average lengths of stay in emergency housing.
- Due 1/30: Weatherization Data Report
This report is required by the 2008 Act 192 Sec 5.221. This report contains current data on the performance of the Weatherization program for program year 2014.
- Due 1/31: Reach Up Annual Report
This report is required by 33 V.S.A. §1134(a) and includes data on Reach Up, Reach Ahead and the Reach First programs
- Due 1/31: Transportation of Children Data Report
This report is required by the 2006 Act 180. It includes data related to the secure transport of children

Vermont's Child Poverty Rate from 2009 to 2010

The Governor recently received a letter from the Administration for Children and Families (ACF) regarding the increase in Vermont's poverty rate from 2009 to 2010. The letter indicated the rate increased by at least 5% which is considered statistically significant and as a result Vermont must submit and implement a corrective action plan. DCF analyzed the data, determined it is accurate and recommends accepting the Census Bureau's data. The next step requires an analysis of whether

Vermont's TANF program attributed to the increase. If not, no corrective action is necessary. DCF strongly believes that the state's TANF program had no impact on the increase in the child poverty rate from 2009 to 2010 and will submit an assessment to ACF within the 90 day time frame outlined in the letter.

Outcomes for Vermonters Published

The DCF "Outcomes for Vermonters" book has been completed, is available online and is being printed in hard copy for the legislature. This booklet outlines the Department's divisional data for key indicators. It can be viewed on the DCF website at this location: http://dcf.vermont.gov/sites/dcf/files/pdf/reports/budget/DCF_Outcomes.pdf. This booklet has already been requested by WCAX.

Department of Vermont Health Access (DVHA)

Pharmacy Benefit Management (PMB) Update

The implementation of the new pharmacy benefit management system continues. The balance between accepted and rejected claims is at the balance experience with the old system as additional adjustments are made. Call volume to the PBM call center has reduced to approximately 300 daily.

DVHA Vermont Health Connect Lawsuit

Howe v. Burwell - In this suit the US Health & Human Services, the Federal Department of Labor, the US Treasury Department, the Federal Office of Personnel Management and DVHA has been sued. Essentially, Mr. Howe bought a non-standard silver plan on the exchange in December, 2014. He alleges that the plan provides for elective reproductive services (abortions). He objects to this part of the plan based on religious freedom. He alleges that under Federal law, the exchange must have a plan that does not include these services and that the premium for such plan must be reduced to remove the objectionable services based on religious freedom. His claims are based on the Religious Freedom Restoration act, the Vermont Constitution, the Free Exercise Clause of the US Constitution, and the Free Speech Clause of the US Constitution. He claims he is currently delinquent in paying his premiums because of these claims and wants a separate plan with a separate premium.

All parties are sued in their official capacities in US District Federal Court.

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Chuck Ross, SECRETARY

**STATE OF VERMONT
AGENCY OF AGRICULTURE**

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: January 23, 2015

Secretary's Top Issues

Upcoming January 26th press conference on water quality

The Agency of Agriculture is working collaboratively with ANR to plan a press-conference at St. Albans City Hall, January 26th, 11am, to address water quality issues and the state's multi-pronged approach and commitment.

Rollout of farmers market inspection program

The Food Safety and Consumer Protection Division management team and Abbey Willard with Ag Dev met this week to continue to discuss the rollout of the VAAFM farmers market inspection program. Inspection checklists were reviewed and a communications/outreach strategy was finalized. Feedback from Division inspectors will be sought at the Division spring meeting and the program will be in place for the 2015 farmers market season.

Increasing number of dairy processors - exciting, yet problematic

The steady stream of new dairy processors is not slowing down. Economically this is good news but is problematic for the program. This will likely give Vermont over 120 dairy processors before the end of this fiscal year. A prudent load for a plant inspector is around 25 facilities. We only have 3 full time plant inspectors and to keep ahead of problems we have taken capacity away from the farms side of the program by having two of the four farm inspectors engage in regular plant inspections and a third is regularly doing sample routes. This leaves farm inspections thin on resources and it will be problematic if a circumstance were to arise that required a lot of the farm specialists' time and expertise.

Agriculture Resource Management division continues regular enforcement

The ARMS division of VAAFM continues regular and diligent inspection and enforcement of VT farms. Near the bottom of this report are five examples of water quality enforcements from this past week. As shown, these enforcements are on small, medium and large farms.

Secretary Ross and collaborating agencies present to the Vermont Caucus

Secretary Ross worked with ANR, ACCD and DOT to present the Water Bill to the full House of Representatives, recently referred to as the Vermont Caucus. This was a general overview of the bill and to begin to educate the legislature about the complexities of water quality challenges and the scope of commitment being proposed by the TMDL.

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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: January 23, 2015

Status of Governor's Priorities:

Legislative Activities and Issues

State Veterinarian, Kristin Haas, provided information to a member of legislative counsel regarding the VAAFM internal compliance and enforcement policy pertaining to raw milk inspections carried out by the Dairy section. Copies of the current and prior iterations of this policy were provided as per request.

January 20, 2015

House Agriculture

Lynn Coale, Chair of the VAFPDB, testified at 2:30 today before House Ag. He presented the annual report. Mike Snyder, Lucy Leriche and Jolinda LaClair present to hear report. Administration is proposing a board merger – working lands enterprise board and VAFPDB – to achieve greater efficiencies between the boards, maximize board member strengths, and address Agency of Agriculture staffing capacity which is not funded to adequately support the Development board on its broad reaching scope of work. Chair Partridge asked numerous questions about Chair Coale's, and the Boards, support for the merger. Chair Coale noted that the Development Board did support a merger proposal though still had concerns about ensuring that the board would not be political and would transcend administrations. Chair Partridge notes that WQ will be the committee's top priority however they will be addressing the board merger, along w/the Working Lands budget proposed by the Governor. She also reminded the committee why the two boards were separate from inception – very purposeful by committee. Vice Chair Lawrence concurred.

January 21, 2015

House Fish, Wildlife and Water Resources

The Agency of Agriculture listened to the on environmental, energy, and telecom permit process overview provided by Aaron Adler, Legislative Counsel.

- Noted that among the four review processes, no project is ever subject to all the processes outlined in statute.
- Atty. Adler summarized Act 250, and explained the definition of "development," and the [overall diagram](#) detailing the ENVIRONMENTAL, ENERGY, AND TELECOMMUNICATIONS PERMIT PROCESS AND APPEALS AS OF 1/1/15.
- Covered local land use, whereby "land use" is broader than zoning, and the difference between the traditional scheme of a planning commission plus a board of adjustment, and the scheme of a development review board plus a planning commission.
- Noted that towns can also write a flood hazard bylaw, even without zoning.
- Reviewed the difference between on-the-record (substantial deference) and de-novo (witnesses, no deference) review.

January 22, 2015

Senate Economic Development, Housing and General Affairs

Chelsea Lewis from the AAFM provided an overview of the Domestic Export Pilot Program, created during the 2014 legislative session with a \$50,000 appropriation. A [program outline](#) was presented to the committee.

- Questions were asked about the FY16 budget, and it was explained that this program is not in the Governor's budget recommendations. However, the pilot program has pushed the Agency to restructure our Business Development Section and partner with VDTM, the CMO, and producer associations (Specialty Food Association, Cheese Council, Wood Manufacturers Association, etc.) to package a comprehensive suite of services for food and forest sector businesses.
- Chair Mullin was concerned that the program was focused on the food and forest sector businesses. It was explained by the Agency that its understanding of the legislative intent was that this pilot program should be targeted at this sector of the Vermont economy. Senator Mullin asked that their committee assistant write a letter to the Administration and Chair Botzow to clarify this issue.
- Secretary Ross and Deputy Secretaries Bothfeld and LaClair had several other legislative engagements which are explained at the end of this report.

House Agriculture and Forest Products and Senate Agriculture

Secretary Ross, Deputy Secretary Jolinda LaClair, Deputy Secretary Lucy Leriche, and Commissioner Michael Snyder presented to a joint gathering of the House Agriculture and Forest Products Committee and the Senate Agriculture Committee on the Working Lands program.

- The Agency heads acknowledged the \$700,000 cut to the program in the Governor's budget, but reiterated the Administration's support for the Working Lands Enterprise Initiative.
- Preliminary impacts of the program to date include 25 jobs created, over \$880,000 in increased sales, and increased product outputs averaging 25%. These figures include the 23 grantees who have completed their projects.
- Colleen Goodrich of Goodrich Lumber and Helm Notterman of Snug Valley Farm presented on the significant impacts that the grants have made to their businesses. Impacts included secure land tenure, generational transfer, hiring new employees, professionalizing delivery and marketing, and increased sales. Notterman noted the value of the Farm and Forest Viability program to his business.
- The Committees also invited Paul Costello of the Working Lands Coalition to present. The Coalition advocated for funding the program closer to the \$1 million level.
- Both committees indicated disappointment about the Governor's budget proposal at the \$500,000 level.

Press

The Agency of Agriculture is working collaboratively with ANR to plan a press-conference at St. Albans City Hall, January 26th, 11am, to address water quality issues and the state's multi-pronged approach and commitment.

Secretary Ross had several other press contacts which are explained at the bottom of this report.

Significant Events/Meetings:

- State Veterinarians Haas and Mehlenbacher and AAG Zamos attended a meeting with the Department of Fish and Wildlife Commissioner, Director, enforcement staff and legal counsel to discuss the status of two VT cervid facilities. Currently, both are under regulatory authority of F&W, but one facility is allegedly interested in transitioning to a facility that would be regulated by VAAFM. During the meeting, strategies were discussed and action items identified for making that transition as smooth as possible. Neither facility is currently compliant with F&W regulations/statutes, and compliance must be achieved before the facilities can transition to VAAFM oversight. Inter-agency conversations will be ongoing over the next several months.

- The Food Safety and Consumer Protection Division management team and Abbey Willard with Ag Dev met this week to continue to discuss the rollout of the VAAFM farmers market inspection program. Inspection checklists were reviewed and a communications/outreach strategy was finalized. Feedback from Division inspectors will be sought at the Division spring meeting and the program will be in place for the 2015 farmers market season.
- Animal Health Staff attended the Livestock and Grazer's conference in Fairlee on January 16th and 17th. The Section provided sponsorship funds for the conference from the Swine Enteric Corona Disease (SECD) cooperative agreement with the USDA. It was a great opportunity for the field staff to interact with producer and provide guidance on animal health regulations during the afternoon panel on the 16th. The meat inspection section received many accolades during a poultry processing session for their repeated technical assistance and ease to work with. One processor stated that they welcome inspection because they know that they are producing a safe product. This producer was initially adverse to the concept of inspection but changed his mind after working at slaughter and processing facilities that clearly violated basic sanitation practices, such as dropping carcasses on the floor and leaving them there for a significant period of time and improperly chilling carcass, potentially leading to poor quality meat and bacterial colonization.
- State Veterinarians facilitated the inaugural meeting of the Vermont Swine Task Force, consisting of Vermont swine producers, NOFA, UVM Extension, and VAAFM. The group discussed challenges and successes of raising swine in Vermont, producer needs, and market opportunities. The group formulated potential outcomes and will continue to meet and correspond. The Task Force is being funded by the SECD cooperative agreement with USDA.

Evolving Issues:

- The steady stream of new dairy processors is not slowing down. Economically this is good news but is problematic for the program. The Dairy Section had three calls from new processors this week and there are 6 more with pending licenses. This will likely give Vermont over 120 dairy processors before the end of this fiscal year. A prudent load for a plant inspector is around 25 facilities and at 30 you need to start cutting back in inspections as well as response time for technical assistance and startups. We only have 3 full time plant inspectors and to keep ahead of problems we have taken capacity away from the farms side of the program by having two of the four farm inspectors engage in regular plant inspections and a third is regularly doing sample routes. That leaves the farm side thin on resources and it will be problematic if a circumstance were to arise that required a lot of the farm specialists' time and expertise.
- USDA published a proposed rule regarding the federal licensing of livestock auction markets, including comingling facilities. Comments are due March 3, 2015. The Animal Health Section met to discuss the effects, if any, on the Vermont stakeholders and will provide official comments for submission if needed. The rule can be read at the following link: <https://www.federalregister.gov/articles/2015/01/02/2014-30752/livestock-marketing-facilities>

Summary of Key agency Department Activity

Administration:

Collaborative Lab Update

Collaborative Lab Update for state agency Ag and ANR staff: Ag and ANR leadership, as well BGS project managers, addressed 40 agency staff regarding the construction and budgetary process for the lab. Outline of the conceptual design, next 4 months to move the capital construction bill through the legislative process, as well as huge thanks to all lab staff and users for their investment in this initiative.

Land Use – Act 250

- Under Criterion 9(B) of Act 250, Applicants are required to mitigate for any impacts to primary agricultural soils either through on-site preservation of soils or payment of an off-site mitigation fee. Under a new policy, the Agency sets the off-site mitigation cost-per-acre fee for each Act 250 District twice annually using conservation easement values provided by VHCB. The fee is based on an average of Option to Purchase at Agricultural Value (OPAV) values for the past 6 months, or the 3 most recent closed conservation projects in a District. The cost-per-acre value was historically calculated on a case-by-case basis. The Applicants and District Coordinators appreciate this new methodology because it provides consistency and they have access to the mitigation fee data for reference and planning purposes.

- The Agency recently set the fees for the period of January 1 through June 30, 2015, and issued a summary memo to the District Coordinators. The fees are posted to the Agency and NRB websites.

Agricultural Development:

Energy

- Senior Agricultural Development Coordinator Alex DePillis is partnering with USDA Rural Development to host a Farm Energy Workshop at the Farm Show, Thursday 1/29/2015, covering a wide range of farm energy options and funding opportunities.
- Several staff at the Agency are tracking continued progress at the Vermont Technical College biodigester. Meanwhile, neighbors in the Randolph area have signed a petition which was sent to the Public Service Board, complaining about odor. Staff from the ANR DEC Solid Waste Division investigated on 1/21/2015, and Agency of Agriculture staff are tracking this as well.

Staff and Secretary Attend Vermont Vegetable and Berry Growers Association Annual Meeting

- Attended Vermont Vegetable & Berry Growers Association Post-Harvest Conference & Annual Meeting in Fairlee.
 - Introduced Kristina Sweet and the Produce Safety Coordinator position to over 150 produce industry stakeholders after an introduction by Secretary Ross and Vern Grubinger.
 - Learned about current issues and challenges in the produce industry.
 - Connected directly with stakeholders, including a grower from New Hampshire interested in regional coordination around FSMA and produce safety (Andre Cantelmo, Heron Pond Farm); Stan Ward, who is developing a new digital record keeping and labeling system for produce growers; and Gary Keogh, State Statistician for New England States from USDA NASS.

Building Produce Safety Partnerships

- Meeting on Friday with Liz Wirsing and team at VDH to discuss food safety issues in Vermont and collaboration between VDH and VAAFM.
- Meeting with Gary Keough from USDA RD about NASS ag census data and how this can support Vermont in determining FSMA impact on our state's produce industry

VAAFM joined Healthy Food in Health Care Leadership 2015 winter retreat on 1/23

- Abbey Willard attended one of the two days of this health care facilities winter retreat
 - Engaged in conversations about connecting local food systems with health programs
 - Discussions about food as medicine and increasing workplace wellness opportunities
 - Presentation by Food Solutions New England on A Regional Food System Region
- At least 18 different Vermont and New Hampshire health care facilities (hospitals and senior living)

Food Safety and Animal Health and Consumer Protection:

Meat Inspection MI:

- MI is providing extra coverage for the federal plants under the cross-utilization program as USDA continues to struggle to fill open federal inspector positions within Vermont.
- MI is running through the list of delinquent retail license holders for 2014, to determine licensees out of business from those operating without a valid license.

- MI is handling many request ranging from remodeling of retail stores under new ownership, questions concerning the regulations surrounding rabbit slaughter and regulations connected with curing and smoking and on-farm slaughtering
- Inspectors meeting held to discuss several new Federal Notices, Directives and the Poultry Modernization Act
- Information received from USDA that funds will be deposited for drawdown of the 50/50 funded program soon but the reviews of the proposed state budgets is still on going so total allotted amounts will not be available until reviews are finished

Animal Health:

Animal Health Field Staff:

- Attended the weekly livestock auction at ACCS and monitored for ADT compliance completed. Completed the market report.
- Assisted Vermont Meat Inspection regarding an animal welfare issue at rabbit farm/processor in Orwell.
- Followed up with a livestock dealer in Poultney that is currently doing business without current license.
- Completed poultry testing at a producer in Clarendon for an exhibition at the Big E in January.
- Completed a first time inspection of a newly registered animal rescue organization based operated by in Fayston. They rescue 5-6 dogs per year and utilize foster homes for animals until they are adopted out. Records are in order and CVIs are showing the place of destination per requirements.
- Provided consultation to the Lamoille County Sheriff Department on an animal welfare complaint involving dairy and beef cattle and pigs.
- Initiated a tissue residue inspection in the Newbury area. Violation was for the antibiotic ceftiofur in a bob veal calf and led back to an unlicensed transporter who is not keeping records.

Agricultural Resource Management:

Medium Farm Operation (MFO) and Large Farm Operation (LFO) Programs

- Staff attended a tile drainage workshop in St. Albans that was hosted by UVM Extension.
- Staff are processing two Education and Outreach Grants through the Farm Agronomic Practices (FAP) Program to support a conference and workshop providing educational opportunities to farms, service providers and the general public related to improving water quality impacts from agriculture.
- Staff received an anonymous complaint about a MFO in Caledonia County and are setting up an inspection of the farm to evaluate items in the complaint.
- Staff are continuing to process LFO permits and permit amendments for several farms.
- Staff are drafting reports and memos related to inspections and enforcement cases.
- Staff are coordinating enforcement efforts for several ongoing and future enforcement actions on MFOs and LFOs for water quality compliance concerns.
- Staff are continuing to work on the USA FoodSafety water quality database.

Conservation Reserve Enhancement Program (CREP)

- Staff visited SFOs in Orange County to determine CREP eligibility, plan potential buffers, and discuss/explain program to landowners and representative from Upper Valley Land Trust.
- Staff attended a tile drainage workshop in St Albans that was hosted by UVM Extension.
- Staff worked on CREP FY2014 annual report to FSA.
- Staff continued to work with Partners for Fish and Wildlife on answering questions from planting contractors.
- Staff processed field data gathered for planning CREP projects in ArcMap.

- Staff worked on paperwork needed for upcoming CREP contract signings.

Water Quality Program

- **A small farm in Whiting/Sudbury will receive a corrective action letter for violations of the AAPs.** The farmer failed to empty his manure pit prior to the start of the manure spreading ban, and it was already overtopping on December 15. He requested a spreading exemption but we did not issue him one because his pit was full due to inadequate planning and management. Instead, we required him to find another farm with storage in their pit to accept his manure. On 12/26 Agency staff observed that the manure level in the pit had still not been lowered and manure was reaching a wetland area. Finally, on December 30, he started transferring manure to another farm.
- **A large farm operation in Berkshire will receive a Notice of Violation for violations of the LFO Rules.** During an October inspection of the Farm's manure spreading operation on a field in East Richford, Agency staff observed runoff of dirty water to a nearby stream; the lack of sufficient vegetative buffers between row crops and top of bank; application of manure while it was actively raining; and, ponding of manure and dirty water on the field during application. During a subsequent inspection of the Farm's manure application operation to a different field, Agency staff determined that the Farm had applied manure in a manner inconsistent with the Farm's nutrient management plan, in violation of the LFO Rules and the Farm's LFO permit. Records for both applications were found to be lacking required information.
- **A small farm operation in Bakersfield will receive a Notice of Violation for violating an Assurance of Discontinuance.** This Farm's pit has had a number of historical manure discharges to water. We finally entered an Assurance of Discontinuance in 2013 requiring the farmer to bring the pit up to standard before animals were brought back to the barn and used the pit for manure storage. Despite numerous reminders from Agency staff that the pit could not be used for the storage of manure before it was certified, Agency staff discovered in December that the barn was full of heifers and the pit was being used to store manure.
- **A small farm operation in Waterbury will receive a Notice of Violation for violations of the AAP Winter Manure Spreading Ban.** The farmer was found to have spread manure on December 17, 2014. He is very aware of the ban, as the Agency has issued him four enforcement actions between the years of 1998 and 2007 (CAL, CDO, and 2 notices of violation). His explanation was that he had equipment failure and was not able to spread his manure pile before the ban went into effect, but he did not even call the Agency to request an exemption.
- **A medium farm operation in Ryegate will receive a Notice of Violation for violations of the MFO General Permit.** The Farm spread dirty water collected from the ramp of their manure pit after the Winter Manure Spreading Ban went into effect. The MFO GP prohibits the spreading of a number of materials, including dirty water, after December 15. The Farm was issued a spreading exemption in January of 2014, so they are familiar with the process and the need to receive approval from the Agency before spreading during the Ban. The Farm is also suspected of not having 180 days of waste storage, as required by the MFO GP, and are we requesting them to submit documentation showing how they will provide for this amount of storage.

Secretary's Comments:

Meetings

- Land Use Meeting, Gov Ceremonial
- Keurig/Clean Water Fund; 5th floor conference room: two follow ups – projects and governance
- Green Mountain Dairy Association; Montpelier: reviewed Agency agenda with this dairy leadership group with focus on water quality. Major concern was unfair/unequal burden of Fertilizer Fee. Group is likely to support a dollar/acre fee on all farmland... would raise approximately the same amount and affect all types of Ag.
- Fruit and Vegetable Growers Association Annual meeting; Lake Morey: spoke about water quality proposal. Generally supportive, raised concerns about Fertilizer Fee.
- Grazers Conference Annual meeting; Lake Morey: spoke to group about water quality and the important role good grazing can make to good water quality. Generally supportive

Legislature

- House Water, Fish and Wildlife: Reviewed Agency agenda for the year consisting of water; job; FSMA; Lab; and budget. Also reviewed the ag sections of the Water Bill. Committee was quite supportive
- House Agriculture: Reviewed annual report of Working Lands Enterprise Board. Explained how 500K of funding this year signals the importance of this program to the Governor and then reviewed the accomplishments of the last year. The Committee seemed to want to add more money to the fund. My guess is another 500K.
- House Commerce and Economic Development: discussed the economic development initiatives, components and interests of the Agency. Was asked what the legislature can do to further our work but ran out of time for discussion.
- Senate Natural Resources: Reviewed agriculture components of Water Bill
- Vermont Caucus: Jointly presented the Water Bill with the Agencies of Natural Resources, Transportation and Commerce. General overview of the Bill purpose being to familiarize the legislature with the proposal and to help the Governor take credit for a far reaching comprehensive significant commitment to water quality in Vermont
- Farm to Plate Annual Report Presentation to Joint Ag Committees; Room 10: Made introductory comments in support of the Farm to Plate work of the Vermont Sustainable Jobs Fund, underscoring the job and economy creation aspects of their work.

Press

- Nancy Remsen – TV interview for WCAX on water quality proposal. General questions. Served as follow up to background conversation from a week earlier.
- Tried speaking to Peter Hirshfeld on Current Use proposal of water bill. Need to contact him again.
- Attempting to set up conversation with Emerson Lynn to discuss water quality.

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Deborah L. Markowitz
Agency Secretary

Justin G. Johnson
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin

From: Deborah Markowitz, Secretary, Agency of Natural Resources

Date: January 23, 2015

Subject: ANR Weekly Report

Governor Level Issues:

State Auditor's Report on Ski Area Leases: A number of news stories followed the release of the Auditor's Report. We welcomed the auditor's inquiry because we believe our lease instruments are out of date because they do not take into account the economic value of state land as it is currently being used year-round by the ski resorts. We are still getting a significant amount of value from the leases (3 million a year – helping to support our state parks). When things settle down a bit at the legislature I will take a deeper dive and perhaps come up with some interim approaches to address some of the suggestions. Note that because lease agreements are contracts between the parties, we are largely constrained – but there may be ways to encourage ski areas to come to the table to fix some of the issues.

NRCS Announcement of \$16M for Stormwater/Ag Water Quality: Since NRCS announced \$16M for stormwater projects and to address agricultural impacts on water quality, DEC has been receiving requests from RCPP partners for information and scheduling of meetings to begin planning and implementation. The department has provided details about tasks necessary to be coordinated within RCPP and is informing partners that the decision-making and coordination of the program is still uncertain and will be determined soon. DEC is working on the contract with NRCS, which must be signed before the end of February. We are discussing how to go about funding a coordinator position to provide staff support for this process (we cannot use the grant money for this).

Yankee Sportsman's Classic: Thanks for joining Louis and the team at the Yankee Sportsman's Classic. It is great to have you there. The department and agency were very well received. There continues to be broad discussion of our antlerless rule (with people on both sides) but, overall, folks are happy with the work we are doing on their behalf.

Enterprise Alley (Barre City): The latest cost estimate to initiate the redevelopment of the Enterprise Alley project is now forecast to be more than \$1M over the anticipated (and already secured) budget. This redevelopment project covers a large area of downtown Barre and involves funds from HUD, VTrans, ACCD, EPA and our state litigation settlement account. The project includes the cleanup and remediation of the former Howe Cleaners (9 Depot Square) property, which was a drycleaner and is now owned by the City. DEC is working with the City to ensure the cleanup work gets done as the remediation needs to be completed even if the City Council decides to halt the redevelopment project.

EVERYTHING ELSE:

Legislative Issues/Testimony:

Agency and Department Overviews: The commissioners and I presented Agency and Department overviews to the Senate Committee on Natural Resources and Energy on Thursday. We did the same with our house committees last week. I had a pre-meeting with our Chair, Chris Bray and believe he will be a great partner during the session. He is committed to getting our water quality initiative completed and is already thinking about how to work with the Senate Ag committee. I also spoke in House Economic Development talking about how our work intersects with economic development and what they might do to be of help. (For example, the workers comp laws make it difficult for loggers to start up or grow their businesses.)

Executive Branch Fee Bill: ANR provided initial testimony to the House Committee on Ways and Means on Thursday and Friday, including a brief Agency overview from Trey testimony from Jon Groveman regarding Act 250 and Section 248 Fees, testimony from Louis regarding Department of Fish & Wildlife fees, and testimony from David and Alyssa regarding Department of Environmental Conservation fees.

Clean Water Initiative: David and Chuck met with the Grand Isle – Franklin County Delegation to provide an informal overview of the clean water initiative. On Friday, the whole cabinet team will provide a formal presentation on the clean water initiative to the House Vermont Caucus.

Working Lands Presentation: Mike Snyder participated in a presentation on the Working Lands Enterprise Initiative Thursday to a joint meeting of the House Committee on Agriculture and Forest Products and the Senate Committee on Agriculture.

Capital Bill: Louis provided initial capital bill testimony to the House Committee on Corrections and Institutions on Tuesday. Michael provided capital bill testimony regarding FPR infrastructure rehabilitation and the Sweet Pond Dam to the House Committee on Corrections and Institutions on Thursday.

Press Issues/Releases:

Air Quality Media Inquiries: DEC spoke to Brattleboro Reformer reporter Bob Audette about the air quality alerts issued for high levels of particulate matter (PM_{2.5}) for Rutland and other Vermont mountain valley areas on Jan 14 and 15. Air quality reached “unhealthy for sensitive groups,” such as those suffering from asthma or other respiratory illnesses, on the 15th. The high levels of PM_{2.5} were due to a combination of low temperatures, low wind speeds, temperature inversions (which limit dispersions, especially in deep mountain valleys) and relatively high PM_{2.5} emissions from residential wood burning and other local fuel-burning sources.

Fish and Wildlife Releases: Vermont Bear Hunters Had a Successful and Safe Season in 2014; Waterfowl Blinds Must Be Removed; VT Hunters Had a Safe Year; VT Hunters Had Successful 2014 Deer Seasons; Visit VTFWD at the Yankee Show this Weekend: The VTFWD is urging visitors to the Yankee Sportsman’s Classic show this weekend, January 16-18, in Essex Junction to stop by their exhibits and attend their seminars.

Voluntary Harvesting Guidelines: The Department of Forests, Parks and Recreation announced that FPR adopted a set of voluntary harvesting guidelines for private landowners to help ensure long-term forest health and sustainability pursuant to Act 24 of 2013. The Commissioner and staff developed the standards in conjunction with an Advisory Committee representing a broad group of stakeholders interested in the sustainability of Vermont's forests. The 62- page guide is broken into 6 chapters covering planning for a harvest, conducting a harvest, protecting water quality, protecting soil health and productivity, biodiversity and wildlife habitat, and planning for uncertainty.

Significant Events/Meetings:

Newport Redevelopment: On Jan 13, DEC met with Andy Stenger of Jay Peak and Matt Cadieux and Sara Bosworth of DEW Construction in Newport about the downtown redevelopment project which involves the demolition of a block, plus two Main Street buildings. DEW will be the construction manager. An Act 250 application is being prepared and the Solid Waste Program was asked to provide technical assistance in developing the requisite Construction Waste Management Plan. The nine involved buildings (circa late 1800s-early 1900s) are all vacant, and some have been for several years. DEW was informed that all hazardous and landfill banned items (fluorescent bulbs, thermostats, household hazardous waste, etc.) must be removed prior to demo and recycling options were discussed.

Nelson Farm Water Quality Case: A Consent Order and Final Judgment Order in the Nelson Farms Inc. case was signed on Dec 23. A \$45,000 penalty was imposed for unpermitted agricultural discharges at multiple locations. The Defendant was ordered to cease any unpermitted discharges to state waters and to meet any/all state and federal permit requirements. Any future work done to improve their waste management system must be certified by a Professional Engineer and submitted to the State before commencement of the work.

ECO Vermont/AmeriCorps Grant: The final federal AmeriCorps grant application was filed Jan 16, including a letter of support signed by Governor Shumlin and Mayors of Burlington, St. Albans and Winooski. DEC's proposal is for a full-time and a half-time AmeriCorps member placed at local host sites throughout the state to implement strategies to protect and improve water quality in the Lake Champlain watershed. Final funding decisions will be completed in May for a program start date in September 2015.

Newport Airport Update: On Jan 14, Newport Airport was without water and immediate actions were approved via phone to ensure basic water needs were met. On Jan 16, staff met with representatives of VTrans and their engineers to discuss the change of status of the Newport Airport from a Transient Non-Community system (TNC) to a Non-Transient Non-Community system (NTNC), and how to phase the project to meet immediate water needs. Agreement was reached. Phase 1 will address the connection of the newly permitted well to the existing TNC restaurant and airport terminal building. It was agreed that the engineering specifications will be provided to our staff as soon as possible, with a construction permit to be issued early next week.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of Planning and Legal Affairs (OPLA)

BCRC Solar Workshop: OPLA staff joined staff from PSD and VNRC Thursday evening at a meeting of the Bennington County Regional Commission to present a panel discussion on solar energy siting, permitting and development options for communities.

New Applications Week of January 19: OPLA received 5 new Act 250 applications and 3 new Section 248 applications.

Environmental Conservation

Omya/DOH: The public notice soliciting comments on the Department of Health's proposed Vermont Health Advisory for DETA was issued on Jan 15. Comments will be accepted until Febr 2. DETA is a chemical used by Omya in their calcium carbonate beneficiation process. It is a minor component in the flotation reagent mixture that allows the impurities in ore to be separated from the calcium carbonate product. Omya is applying for recertification of their Tailings Management Facility and is requesting a waiver of the requirement that landfills be lined, and providing evidence that the tailings in an unlined facility pose no threat to public health or safety, or the environment, as allowed for in statute. As part of the evidence, Omya must show that the facility will conform to the Groundwater Rules, i.e., the leachate will not cause violations of groundwater enforcement standards (or other applicable standards) at the point of compliance. The determination on the level of DETA allowed will have bearing on whether the unlined facility will comply with the Groundwater Rules. The toxicologists retained by Omya believe that the VHA should be much higher than the standard proposed by DOH.

Clean Energy Development Fund (CEDF) Annual Report to Legislature: At the request of the Public Service Department, DEC submitted comments on the greenhouse gas-related text of the CEDF report and provided guidance on calculating the expected CO₂ emissions / benefits of a biomass pellet district heating project funded by PSD as a CEDF FY14 project. Staff recommended that the report show a range of estimates to acknowledge the fact that determining actual CO₂ emissions from biomass combustion is a complex effort that depends on what occurs "upstream" in the production of the biomass feedstock, including forest management, biomass harvest, transport, processing, future land use changes, etc. Staff also recommended that PSD use a range of estimates when stating the expected annual GHG emissions benefits from CEDF renewable energy projects like photovoltaic and wind that offset electricity generation. PSD and PSB continue to have a discussion about how to accurately account for carbon emissions from biomass energy projects.

Landslide Hazard Mapping: A final report on landslide hazard mapping, monitoring of the Jeffersonville landslide site and the Smugglers Notch rockfall sites and discussion of eight other potentially hazardous Vermont sites was delivered to the Department of Public Safety. The 2013-2014 grant was given under DPS' Emergency Management Performance Grant Program. The report also highlighted the outreach efforts to regional planning commissions towards implementation of protocols developed for identifying areas sensitive to landslide hazards. Other activities included in the report were the status of groundwater mapping projects and drought, seismic hazard mitigation and outreach to critical facilities managers in northwest Vermont.

Multi-Gen Facility (Burlington): DEC met with building owners and occupants of the Multi-Gen facility in Burlington to discuss the most recent air and soil sampling results that indicated a potential vapor intrusion issue of the hazardous chemical PCE inside the building. Staff handed out fact sheets to the impacted parties on the specifics of what has occurred at the site (groundwater sampling, indoor air sampling) and on PCE. The building hosts a daycare and day facility for elderly. The main contact for the daycare is preparing a written summary of the issues to be shared with the parents of children who use the daycare. The Department of Health has been alerted and is engaged.

Lake Morey- Oil Spill on Shore: Home heating oil was spilled on the shore of Lake Morey in Fairlee. A contractor had been hired to demolish a lakeside cottage. He used his backhoe bucket to remove a heating oil tank from the basement, and set the tank on the lawn of the property, 50 feet from the lakeshore. When he did so, he severed the copper line that connected the tank to the oil burner, causing heating oil to leak on the ground. Upon realizing what had been done, the property owner fired the negligent contractor and immediately called in a cleanup contractor who stopped the leak, removed the tank from the premises, and excavated the contaminated snow and soil. The following day our staff visited the site and found the work to be sufficient. 30-40 gallons of oil had been spilled, approximately seven cubic yards of soil was removed, and the cleanup contractor's quick actions prevent any oil from reaching the lake.

Sugarbush: As part of a 2005 Memorandum of Agreement between Agency of Natural Resources and Sugarbush, Sugarbush agreed to enhance streamflow in Clay Brook below the drinking water withdrawal. Watershed staff are working with Sugarbush to complete the final action of the MOA. DEC found Sugarbush's initial conservation flow proposal to be unacceptable, and staff have worked with the result to come to a mutual agreement on acceptable conservation flows in Clay Brook.

Fish & Wildlife

Fishing: Ice fishing is in full swing, with most species being targeted and caught statewide. Trout season opened at midnight Saturday and all reports were of high participation and good bag limits.

Deer: Road kill and predator kill still make up the greatest share of deer calls; both being reported with regularity. Another deer made its way onto the ice in the Islands and was eventually euthanized, even after being dragged by Warden Snyder to shore and given full benefit of the doubt. The recent snow should take care of this for the rest of the year.

Survey at Waterbury Reservoir: Staff initiated an angler survey on Waterbury Reservoir. Similar to a 1993 survey, this survey will be conducted during the first three weekends of the winter trout season and allow managers to document changes within this fishery. Information including catch, target species, gear type, and time fishing were recorded.

Energy Opportunities: On Jan 15, staff along with the fish culture operations enhancement intern traveled to the Roxbury FCS to identify and further develop energy efficiency projects that could be implemented at the site. Some of these projects include updated heating (boiler / hot water heater) and the possibility of micro-hydropower on the hatchery intake line. These projects will be further developed to determine feasibility and will be compiled with other FCS energy efficiency projects for inclusion into a consolidated fish culture SRMRF loan proposal package.

Further Flood Mitigation for Roxbury: Staff have been coordinating with Vermont Emergency Management (VEM) and Vermont Agency of Commerce and Community Development (ACCD) to possibly acquire a house and parcel of land north of the Roxbury FCS to further mitigate the hatchery from future flooding events. During Irene, a portion of the aforementioned house detached from the main building and caused a significant amount of damage to the Roxbury FCS infrastructure. With the help of VEM and ACCD F&W is working to secure funding to acquire the property from the bank (which recently foreclosed the property) or to receive the property as a land gift.

Forest, Parks and Recreation

Proposal to Increase Fees: A proposal is being finalized to increase some park service fees for the 2015 operating season (affects both FY15 and FY16) to offset expenditure budget targets. The rule making process will begin soon.

Climate Change: The ANR Lands Team will be discussing the role of “assisted migration” as a strategy for adapting to climate change. Bob Popp from the Natural Heritage Program will lead the discussion and representatives from all Departments will participate, including Sandy Wilmot, Forest Health and Climate Change Coordinator. After identifying the merits and liabilities to various types of assisted migration, as well as legal and ethical issues, a future policy recommendation is expected.

Endurance Event on the Long Trail: The Endurance Society held its first event January 17-18. The group coordinated with FPR staff, the Green Mountain Club, and the Department of Public Safety to plan a safe and fun group adventure on the Long Trail from Smugglers Notch to Appalachian Gap. While ultimately the group did not complete the trek, they had a great time, practiced effective communication, and made safe and responsible decisions concerning their route and participants. We look forward to collaborating with them in the future.



Privileged and Confidential

MEMORANDUM

To: The Honorable Peter Shumlin, Governor
Sarah London, General Counsel

From: Christopher Recchia, Commissioner

Date: January 23, 2015

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

RUS/VTel: Jasper Sneider and Jim Porter both reported the meeting yesterday with VTel went well, and that Michele Guite got the message. I think that is true based on the description we got of Michele's demeanor – increasingly defensive and scared by the end of the meeting.

RUS/VEIC: The VEIC Mtg went very well, and it seems the two issues for the grant are: 1) collateral and 2) length of appointment of the utility. EVT's order of appointment expires in 2021, but is renewed this year for 12 years (i.e. through 2027). So, we will be three years short of the 2030 proposed contract date— there are several options to deal with the 3 year (for a 15 year grant) or 8 year (for a 20 year grant) shortfall. We discussed several of those options with RUS and VEIC and the delegation, and VEIC and RUS will continue to work through the issues and come back to us with an ask if they need our help. My sense is they are trying and will figure this out constructively.

VY: We are sending a letter today to the NRC objecting to allowing Entergy to deal with the Bank only in requesting and receiving disbursements from the NDT. We are laying out our arguments that the Master Trust Agreement guides, and that we need to be engaged in reviewing and having the NRC approve specific withdrawals. Per last week's weekly, I connected with Sarah, and Mary Peterson and I will attempt to meet with Entergy as early as next week to begin negotiations on a PILOT agreement.

VGS: We completed the letters and mailings to Phase I and II landowners resulting from our meeting last week between Landowners and VGS. VGS will not call landowners before the end of next week, and I am hopeful that constructive dialog will continue. An interesting event: as we were getting ready to mail Phase II – VGS asked us to “hold” yesterday so we did not “waste our time” but called back later to say “go ahead.” I suspect they were waiting (and nervous) to hear from IP, and that a call came to them yesterday saying IP was still on board. I have not confirmed this yet with VGS though. The Board has issued an order today that VGS needs to respond on Phase II by February 17th. We filed on remand for Phase I but do not know what the Board is requesting of the VSC – we expect to hear before the end of the day.

FairPoint: Numbers are getting better – we are now back to basically the number of troubles that were present during last summer. This is still not acceptable, but we're keeping pressure on and making progress. This is the first week that complaints have declined and restoration of service exceeded new problems – FairPoint has now doubled the number of workers and reduced the load over the last two weeks by about 50%. The House did a resolution that was supportive of our efforts. Not sure if the Senate will take this up, but hope that any statement from the Governor's office will give credit to the tremendous effort of our consumer affairs division – they've really been doing a terrific job.

Legislature:

EIP – Tony Klein and Rebecca Ellis introduced H. 40, which represents the EIP proposal. Darren, Asa, and Ed McNamara presented the proposal to House Natural Resources and Energy Committee Friday Jan. 23. The initial hearing went well, and hearings will continue on EIP next week with stakeholder testimony. The Department has shared a 2 page summary with legislators, media, and interested stakeholders.

Meetings this Week:

Jan 20 – Chris/Darren/Asa and Jim Porter testify in Senate Natural Resources and Energy committee;

Jan 21 – PSD/GMP meeting re Lake Champlain digester project; PSD/FairPoint weekly meeting; Chris VCRD Board meeting

Jan 22 – VTA transition meeting; Darren meeting with Michael Zahner, Chamber of Commerce;

Darren meeting with VPIRG and VNRC; Darren and Asa meeting with VEC
Jan 23 – Chris VEDA Board meeting; Darren and Asa and Ed testify in House NRE on EIP proposal

Meetings next Week:

Jan 26:

Jan 27: VY Interagency Meeting

Jan 28: Chris at NRC State Liaison Mtgs, NDCAP meeting, Entergy Mtg on PILOT (tentative)

Jan 29: Darren, Asa, and Ed testify on H. 40 (EIP) to Senate Natural Resources and Energy Committee; Bruha/ First Wind Attenuation meeting with First Wind (internal and FW only)

Jan 30:

Media: Darren spoke about EIP with Pete Hirschfeld VPR, John Herrick VTDigger, Dave Gram AP, and on camera with Fox44 re: EIP; Chris on Camera on WCAX on VT Gas, FairPoint, talked to Erin Mansfield on VT Gas, and Dan D'Ambrosio on FairPoint.

Everything Else:

PERD

Legislative Updates

- Finalized legislative report, “Efforts to improve energy savings in affordable housing and increase the number served” and sent to Commissioner for review. Will submit Monday, January 26th if no comments/edits are received by this Friday.
- Staff summarized various PERD Legislative reports completed in the last year for the House and Senate committees of jurisdiction.

Residential and Commercial Building Energy Standards (RBES & CBES)

- Code Update:
 - Ongoing efforts working with ICC on format and content of Vermont Building Energy Standards.
 - Five RBES Code trainings have been scheduled throughout the state. Most will occur in February and one will be in April in conjunction with the International Building Codes Training hosted by the Building Safety Association. The training schedule will be sent to the energy code email distribution list and posted on the PSD website. CBES trainings will be scheduled soon.

Energy Efficiency Utility Activities

- Staff reviewed reply comments from VEIC in Docket 8395 related to the Department’s take on GMP’s proposed CEED Ozone Laundry project. VEIC does not favor the Department’s suggested outcome of EVT opting to not complete these projects in 2015 nor the Department’s suggestion that EVT could refer such projects to GMP’s CEED fund. Among other comments, VEIC suggested that an order from the Board approving

GMP's proposed Ozone Laundry project would invalidate the recent DRP process that established budgets and goals for the 2015-2017 period.

- Staff reviewed the Board's order in EEU-2010-06 related to VEIC's request to reallocate NRA funds for the 2012-2014 performance period. The Board approved VEIC's request even though the timing of the request came at the end of the performance period. Because the Order of Appointment is silent on frequency and timing of NRA reallocation requests, both DPS and VEIC provided comments suggesting that the Board should open an investigation to determine the optimal frequency and timing of such future NRA reallocation requests. In its order the Board stated it would open such an investigation.
- Staff continued to work with Finance to perform the EEC fund balance calculation for 2012-2014 period. Staff met with the Finance and provided relevant Board orders related to EEU budget carryovers and budget adjustments (which were related to the Customer Credit Program).
- EEU 2014 04 - Stakeholder Complaints
 - The Board closed the proceeding and ordered that EEU stakeholders include trade-allies and that was pretty much it. The Board acknowledged the existence of EEUs protocols for addressing stakeholder complaints. These protocols also describe how DPS (and potentially the Board) can help resolve complaints. The Board did not see a need for creating an ombudsman position within the Dept. for resolving such complaints as recommended by Ms. Leban.
 - Staff received a call from Ms. Leban in which she stated the same concerns she expressed in EEU-204-04 (now closed) regarding her concerns about EVT's commercial lighting program and what she feels is EVT's inability to address her concerns. Further she said there should be an annual workshop for lighting designers to offer feedback to EVT about their programs. She said she would follow up her call with a letter to the Department stating her concerns. Staff contacted CAPI to inform them of the call and to discuss next steps if any.
- EEU-2013-10 TEPF Statewide Clearinghouse
 - The Board has issued an order stating that the Clearing house should include the creation of a webpage-based portal to enable access to Clearinghouse information including at least: (1) a directory of materials about TEPF efficiency services and resources; (2) direct links to qualified service providers; and (3) referrals to entities having information about associated environmental issues such as the presence of asbestos in existing insulation; and the development and distribution of Clearinghouse promotional materials.
 - The Department invited interested stakeholders to participate in the Thermal Energy and Process Fuels ("TEPF") Statewide Information Clearinghouse Advisory Group. Stakeholders have until Friday 1/23 to respond. The Advisory Group will make recommendations regarding the content, format, and hosting of the Clearinghouse webpage, promotional activities, and annual report and budget, and may provide other such information and assistance as solicited by the Department to assist in Clearinghouse coordination.
 - The Department will be scheduling a pair of meetings to generally discuss the framework of the Clearinghouse as defined by the Board.
 - The Department will also issue an RFP for the services necessary to develop the Clearinghouse webpage, including a directory of TEPF efficiency services and

resources, links to qualified service providers, promotional materials, and referrals to entities having information about associated environmental issues such as the presence of asbestos in existing insulation. While the Advisory Group will not be directly involved in the development of the RFP, feedback generated during the Advisory Group's meetings will likely inform the RFP.

EEU Evaluation

- Home Energy Reports/Behavior Program –
 - Staff held a conference call with Cadmus and LBNL staff to discuss research goals/priorities, as well as evaluation priorities, and particularly the survey instruments that are currently being developed. Staff will continue to work with contractors to refine the survey instruments
- Staff finished drafting the scope of work for the Residential Market Assessment RFP.
- Benchmarking VT Electric EE Program Performance
 - Staff drafted media release highlighting positive results of the Department's benchmarking evaluation comparing electric energy efficiency program performance in Vermont with performance of programs in eight other states. Media release is under review by the Commissioner's office and EVT/BED.

Public Service Board Dockets

- Docket 7988 – Community Energy Efficiency and Development Fund
 - Internal review of 2013 CEED Electric Evaluation and Verification Report completed. Draft sent to VEIC/GMP for their review. Should get comments back by 12pm on 1/21 and plan to file by COB 1/21 pending no major issues are found.
 - RFP to evaluate CEED 2013 cold climate heat pump investments (installed during 2013-2014 heating season) under development. The study will be incorporated into a larger evaluation of cold climate heat pumps, including GMP's cold climate heat pump rental program, and will contain both process and impact evaluations.
- 8311 –
 - Staff drafted testimony in this Docket, which is due on Jan. 23.
 - Met with Optimal Energy to review assumptions with regard to heat pumps used in their analysis of natural gas potential and EVT's analysis in 8311. They believe EVT was overestimating benefits from at least heat pumps that replace natural gas. While conducting this analysis, Optimal found that incorrect avoided costs were used in the natural gas potential study. They will revise the report accordingly.
 - Staff contacted VEIC to give them a heads-up regarding areas of our testimony that might differ more sharply from their Straw Proposal.
- 7676 – Staff drafted a memo for filing the natural gas potential study. Issues related to the VGS OoA and incorporating VGS into the EEU P&A are still open before the Board. However, the memo recommends the VGS Demand Resource Plan proceeding be opened so the VGS DRP planning process can begin.

Avoided Energy Supply Costs

- Engaged in further conversations with regard to choice of load forecast for avoided energy supply costs with study group and consultants. TCR (the regional contractor) will

compare the effects of different forecasts. If the impact is relatively small, staff doesn't believe the choice matters much except on a theoretical basis. If it is larger, then a decision/recommendation will need to be made as to which avoided cost set to support.

PERD Grants/Contracts

- VT Clean Cities Program – \$10,000 SEP grant agreement with the University of Vermont, Transportation Research Center, fully executed. The grant will support electric vehicle outreach and promotion of workplace-charging stations throughout Vermont.

SEP-Competitive

- Completed quarterly reporting with VEDA under their on-going responsibilities to report loan activity for the Energy Efficiency Loan Guarantee Program now that the SEP award is closed. VEDA reports two loans closed for \$100,396 on projects valued at over \$125,000.
- Interconnection Project – We are waiting on DOE to approve an amended Statement of Project Objectives and formally make the award “final”.
- Building Energy Labeling Project
 - Staff held a call with the Building Energy Labeling project partners to discuss what tasks would be changed/eliminated to cut \$60,000 from the project budget. NH will cut their tasks/budget in proportion to their share of the overall budget (approximately \$21,000) and VT will cut the rest.
 - PSD staff offered to cut the amount of funding currently allocated for the “VT Mandatory Disclosure Study”, that is due in December 2016, from \$51,000 to \$20,000 as it's likely that the study will either be delayed or significantly pared down (due to delays in the implementation of the Residential and Commercial labeling efforts). However, \$15,000 of other funds will be allocated for PSD Administrative costs (initially we weren't charging any of our direct costs to the grant), leaving \$16,000 total in cuts. EVT will decide where to cut the remaining \$23,000 from the budget.
 - A high level revised scope of work will be submitted to DOE on January 21st for their review and approval. Once approved the team will start work on revising all the budget forms. The goal is to have a complete revised Scope of Work and budget to DOE by the end of the month.

PERD Finance

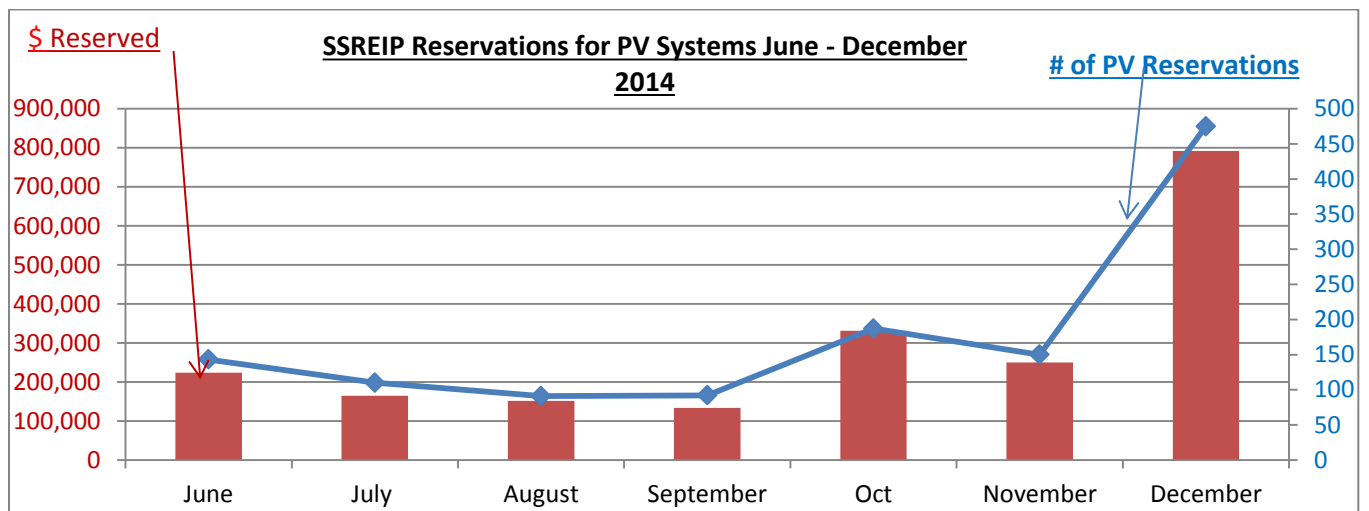
- Clean Energy Finance Initiative
 - Attended the 4th meeting organized by the Energy Action Network during which the Coalition for Green Capital, the Washington DC based non-profit that has offered pro bono services, presented its recommendations for financing solutions for clean energy. Four areas were highlighted:
 - Whole-Home Upgrade Market Options
 - Whole-Building Upgrade Market Options
 - Solar Market Options
 - EV Finance Market Options

The presentation contained analysis that may illuminate areas for collaboration among the state-level agencies participating in the initiative. The final report may have information relevant to the forthcoming CEP update.

- Thermal Energy Finance Pilot
 - Completed quarterly reporting with two credit unions. Both CUs have now completed their first Heat Saver Loan and gained initial experience with the intake and processing procedures.
 - Scheduled next meeting to launch Phase II with participating organizations for January 27, 2015, 2:30 to 4:00 pm at PSD.
 - Next steps include finalization of the full set of eligible measures and roll out with accompanying marketing slated to commence in February and March
 - Submitted quarterly VLITE report.

Clean Energy Development Fund

- SSREIP
 - Approved an invoice for SSREIP incentive payments totaling \$42,631 for 27 installed PV projects totaling 188.5kW of new PV capacity and 11 (the most ever in one week!) solar hot water projects.
 - The end of 2014 was a very busy time for the SSREIP as solar installers rushed to get in reservation applications before the residential PV systems incentives ended. In the last eleven days of December the program received over 200 applications for incentives. Here is a chart that shows the increase in PV (systems under 10kW) applications in December compared to the previous five months:



- Organized and held a CED Board quarterly meeting.
- Created and sent out per-diem expense forms for the CED Board members
- Further defined the VEDA interest rate loss reserve program with VEDA staff and presented the program to the CED Board.
- Annual Report
 - Completed edits and revisions to CEDF FY2014 Annual Report
 - Completed the Greenhouse Gas analysis for this year's activities

- Completed a final draft of the CEDF Annual Report to the legislature and submitted it.
- Evaluation
 - Continued with review of all draft products
- Advanced Wood Heating Initiative
 - Created a scoring sheet and proposal evaluation document for the Windham County Advanced Wood Heating Program proposals. Began reviewing the three proposals received.
 - Began review of three proposals
- Quarterly Reporting
 - Received quarterly reports from community solar grantees; review will take place next week

Renewable Energy Items

- Sent draft RPC energy planning contract to contractor for review. PA has reviewed draft contract.
- Attended Vote Solar webinar on new paper from the North Carolina Clean Energy Technology Center (DSIRE database folks) on Rethinking Standby and Fixed Charges: Regulatory and Rate Design Pathways to Deeper Solar PV Cost Reductions. The paper recommended pursuing decoupling, followed by implementation of a minimum monthly bill (rather than fixed charges) coupled with TOU rates and the implementation of a special rate class for DER customers.
- Finally received model solar contract for towns and schools from Ethan McLaughlin, which we're allowed to distribute, though he still has more changes to make before it's final. Meeting next week with VLCT and the school boards association to discuss current draft and next steps.
- Presented on hydropower screening criteria to VNRC's water caucus. ANR was also in attendance, discussing impacts from solar on wetlands. Some members of the caucus expressed a desire to explore stronger wetlands rules to prevent siting of solar on wetland resources. A couple stats: ~10% of all wetlands permit applications in 2014 were for solar projects; over 90 solar projects have been reviewed by the program since 2009; 25 wetlands permits have been issued, totaling 1.4 acres of permitted wetland impact and 4.2 acres of buffer impact (post fill only); 78 acres of wetland and 75 acres of buffer have been impacted if you consider the entire footprint of the project.
- Attended NARUC ERE committee call. ACEEE discussed their new report on intelligent efficiency, which has the potential to reduce energy use in commercial & industrial facilities by 20% by combining advanced sensors and controls with software and data analytics to better understand and optimize building energy systems in real time. NARUC also updated the group on the Keystone XL bill (to which 200-300 amendments have been proposed) and the Obama Administration's appeal to the U.S. Supreme Court of the Circuit Court's decision on FERC Order 745.

Net Metering

Net Metering Activity 1/11/15 – 1/16/15

Registrations	Applications	45 Day	CPGs Granted
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Notice			
Count	39	2	0
kWAC	251	180	319
Ave Size kW	6.436	90	6.264
Cumulative Capacity of ALL Formal Notices Submitted**			
Year Total to Date		Total Since 1999	
2014 kW	2015 kW	1999 – 2015 kW	% of 15% Cap
603.87	1398.35	75822.14	~ 50.4%

****Note:** These totals now include systems of all sizes, and include those systems for which 45 day notices have been filed as well as those for which formal permit applications have been filed.

Heating Fuel

- Since last reporting Crude Oil prices rebounded slightly now at \$48.78 v. \$46.77 a week ago.
- The similarly natural gas market has also rebounded at \$3.058 v. \$2.846 a week ago.
- Completed weekly Fuel Survey. Vermont fuel prices have continued their decline in line with the crude markets. EIA expectations are for crude prices to level off at the current levels and gradually reach the \$50/bbl over the next couple of months

Vermont Gas Systems

- Worked with legal division on filing of recommendation for full review of the Phase I 7970 case. The Department recommended that the review be conducted to determine whether an amendment to the CPG was necessary. The Board determined that the correct review procedure is to solicit a remand from the Supreme Court. Staff has started to prepare the analysis strategy.

Other

- Drive Electric Vermont – Staff attended DEV Outreach and Marketing stakeholder meeting.

Weekly PERD Rapport

The following staff contributed to complete this weekly Rapport: Brian Cotterill, Ed Delhagen, Asa Hopkins, Mike Kandrath, Kelly Launder, Anne Margolis, Andy Perchlik, TJ Poor, and Matthew Walker.

Engineering

Vermont Yankee Spent Fuel Management & Decommissioning

Entergy now regards the “defueling outage” activities at VY to be complete. The control blade

shuffling described in last week's report was completed over last weekend, although some additional shuffles may occur at a later date. The dismantling of neutron detectors in the reactor vessel and their movement to the spent fuel pool continues, with expected completion this weekend. Several now non-essential (non-radiological) structures on-site have been abandoned (most notably, the South Warehouse and the Construction Office Building) in preparation for their eventual demolition. The State Nuclear Engineer's on-site office has been relocated to the "New" Warehouse Building, immediately adjacent to the Station Blackout Diesel Generator. System tag-outs for shutdown equipment and systems maintenance for maintaining Spent Fuel Pool integrity continues.

VY Staffing Level Changes

With the completion of defueling activities, VY has implemented its SAFSTOR organization, with 326 'active' employees remaining on-site. Formal separations (i.e., official layoffs, retirements, or transfers to other Entergy sites) of the 234 non-SAFSTOR VY employees occurred on Monday, January 19. 163 employees were reported as being laid-off. Excluding the retiring employees, all but 6 of the separated employees have already found new employment (mostly outside of the VY region) due in large part to Entergy's job search assistance efforts.

State Nuclear Engineer Attends NRC "Exit Interview" for 4th Quarter 2014 VY Site Inspections

On January 15, NRC Resident Inspector Sarah Rich reported to VY senior staff a total of three "green" findings (i.e. violations) for the Q4 2014 inspection period. (A green finding is of minor safety significance, but could potentially lead to more significant issues if not corrected.) 1) VY used one individual to conduct a fire watch (an alternate protection measure when fire detection equipment is out of service) in two adjacent fire monitoring zones. 2) An inadequate maintenance procedure that caused a failed Emergency Diesel Generator (EDG) operability test in late September 2014. (The maintenance that caused the EDG failure, the replacement of an EDG piston O-ring, occurred in June 1992.) 3) During a "post-shutdown" emergency drill in November, a General Emergency declaration was made prior to facility conditions and dose data supporting this declaration. As characterized by Sarah, these findings were not overly significant (based on the corrective actions already implemented by VY to address the findings) and should be regarded as "a clean bill of health" for VY's safety culture.

State Nuclear Engineer Currently Attending Regional Radiological Emergency Planning Conference

Tony Leshinskie is currently attending an NRC / FEMA Regional Radiological Emergency Planning Conference in Hartford, CT, January 20-22. Tony has met the new NRC Region 1 Administrator, Dan Dorman, as well as several additional NRC leads in reactor decommissioning. Of particular interest to Tony will be a discussion of plant decommissioning challenges to Radiological Emergency Planning that will feature panelists from the NRC's decommissioning planning sections, VY emergency planning staff and state emergency response coordinators from several northeastern states.

Vermont Gas Systems Addison Transmission Pipeline Project

Scheduled patrols have begun to monitor the security and condition of pipeline materials currently in storage during suspension of the project's main line construction. VGS will be covering the majority of stored pipe segments with tarps. Weather conditions have continued to

delay completion of actions to preserve several project pipeline sections which are installed below ground in Williston, Essex and Colchester. VGS performed cleaning operations on three of these segments during this report period and continued to develop written procedures to address nitrogen injection (into a total of six sections). The company has procured nitrogen and plans to begin these injections next week. VGS is also assessing other pipeline construction processes, which are expected to be performed by VGS and Engineers Construction Inc. prior to resumption of the main line construction. Subject matter experts in quality control and pipeline construction, which were recently retained by the company, continued to develop written procedures related to these activities with particular attention to the company's welding program.

VELCO Long Range Transmission Plan

VELCO recently released for public comment a draft 2015 Vermont Long-Range Transmission Plan (LRTP), to be discussed at the Vermont System Planning Committee (VSPC) meeting on January 28, and finalized by July 1. With the closure of Vermont Yankee, Vermont will be a net importer of power at all hours. Increased renewables shifts the system annual peak hour in the forecast from 2 PM to 6 PM, with monthly peaks after 4 PM in every month except July. Only two major transmission projects are planned: 1) the reconstruction of the Coolidge to Rutland 115 kV line, and 2) the Connecticut River valley project involving reconstruction of the Coolidge to Ascutney 115 kV line and upgrades at VELCO's Chelsea, Hartford, and Ascutney substations. Engineering is continuing its detailed review of the LRTP.

Northeast Regional Preparation for Winter 2014-2015

Engineering participated in a conference call on common energy messaging for winter 2014-2015, with participation of National Association of State Energy Officials (NASEO), Coalition of Northeastern Governors (CONEG), DOE, and the Northeast states. The states have been issuing messages via bill stuffers, radio/TV spot announcements, and the various utility web sites. Vermont's messaging has been mostly done through Efficiency Vermont (which has not been on these conference calls), and has very closely paralleled the regional effort. The Department will work with Efficiency Vermont to ensure that it is kept aware of this group's efforts. The next call is after the season ends, to discuss winter 2015-2016.

TDI New England Clean Power Link

Engineering is reviewing this project, filed on December 8, 2014. TDI has filed a conceptual plan, and is seeking approval to submit final design during a post-CPG process. The system impact study is expected to be filed by April 1. The prehearing conference is scheduled for January 28.

Propane Company Inquiry

Engineering is updating information regarding operators of propane pipeline systems in Vermont which are subject to Public Service Board rules and federal gas pipeline safety regulations (PSBR 6.100 and 49 CFR 192). The Administrative Services Coordinator has compiled a list of Vermont propane companies and will issue a written survey to gather information including pipeline location, facility characteristics, and emergency contacts required by PSBR 6.160. This information will be used to plan inspections of propane pipeline facilities and operators, to distribute gas safety advisories, and to complete periodic Department reports to the USDOT Pipeline and Hazardous Material Safety Administration.

Weekly Summary of Underground Damage Prevention Activities

* Underground Facility Damage Reports (UFDR) received:	2	Regional
* Notice of Probable Violations (NOPV) issued:	0	Policy
* NOPV Agreed to by Violator and paid to PSB:	1	
* NOPV Challenged by Violator and requesting a hearing:	0	Public
* Assessment Letters on contested cases to PSB:	0	Advocacy
* PSB Orders issued:	0	

VGS Addison Expansion—Docket 7970 –On January 16, the Board issued an order in which it advised that it would seek a remand from the Supreme Court to review the second revised cost estimate under Rule 60(b). The Board further requested that the parties submit comments by January 21 as to the appropriate scope of the remand and the amount of time the Board should request. (The Lyons appeal is still pending, with no decision having been rendered following oral argument.) Most parties who filed comments, including the Department, recommended an approximate 90 day period for the remand, with the discussion of scope having a much wider spectrum of opinions.

Consistent with its proposed schedule, VGS filed testimony regarding the new numbers on January 15. VGS also file the agreed-upon quarterly update on January 15. Both of those filings had some very obvious errors in the spreadsheet which have since been corrected in new filings. These errors did, however, provoke negative press and party comments. The Department continues to work with the company and affected landowners regarding easement/condemnation issues. The Commissioner and staff met with the landowner group and representatives of VGS on January 15 in Monkton to work on process going forward. Letters to affected landowners are expected to go out shortly.

Addison Expansion Phase 2—Docket 8180- Parties filed comments on January 20 on the various recommendations which were made following Vermont Gas’s request to postpone the hearings. Opponents such as the Martins and CLF supported VPIRG’s request for sanctions, etc. The Department and Shoreham recommended waiting until Vermont Gas files updated information to make any determination as to how to move forward. VGS’s quarterly update was filed on January 15.

VY EPZ License Amendment Request – NRC 50-271-LA-2 – The Department became aware that Southern California Edison is seeking Emergency Planning exemptions at the SONGS plant from the NRC similar to the ones sought by Entergy at VY. We do not know if the State is still able to comment on that exemption request, but is exploring that option.

VY PSDAR – No Docket – The NRC noticed Entergy’s Post-Shutdown and Decommissioning Activities Report filing from December 2014 in the Federal Register. Comments to the NRC are due by March 23.

VEPPI / VEC Billing Dispute – No Docket – VEC and VEPPI have had a dispute regarding the manner in which VEC wants to charge VEPPI for wheeling services for SPEED projects. VEC

has billed VEPPI, in a manner that VEC believes to be consistent with its FERC-approved tariff. VEPPI brought the matter to the Board and the Board is seeking comments from the parties. The other utilities are concerned about VEC's approach because they believe it unfairly puts their ratepayers in a position of subsidizing VEC's ratepayers. While the Department understands this concern, the Department's position is that VEC must follow its tariff and bill VEPPI according to its tariff. Therefore, the Department intends to provide comments that VEPPI must either pay the VEC bill or challenge it as inconsistent with VEC's tariff. The Department will also urge the Board to convene a workshop to seek a solution going forward.

VTC Digester – Docket No. 7965 – On January 15, a complaint was filed by the proprietor of a campground near the VTC digester in Randolph regarding odors from the facility. The complaint was accompanied by a petition with approximately 50 signatures. Department staff has already contacted VTC about odor complaints and is expecting a response to questions regarding the source of the odor. Department staff forwarded the complaint to VTC and other state agencies and is awaiting a response from the Board.

FairPoint Service Quality Investigation – Docket 8390 – IBEW filed a clarification outlining the basis for its intervention request with the Board. FairPoint has filed an additional opposition to IBEW's intervention. The Department is determining its position on the matter. The Department selected its outside consultant, Interisle Consulting Group, to assist in the investigation. FairPoint first round discovery responses are due on January 28 and second round discovery requests are due February 11.

Mammoliti Flicker/Glare Investigation – CPG NM-1646 – The Board's hearing officer issued a PFD in the proceeding. The Department and GMP did not file substantive comments in response. The PFD concludes that the automatic turbine shutdown program implemented voluntarily by GMP constitutes reasonable mitigation of any aesthetic impact of flicker at the Mammoliti residence, and the turbine does not create an undue adverse aesthetic impact on the area. The Mammolitis filed comments opposing the hearing officer's findings and conclusions.

Net Metering – Compensation for Net Excess Generation – No Docket – Department legal staff was asked to provide guidance on how compensation for net excess generation from net metering customers can potentially run into federal jurisdiction. Department staff drafted a memo providing an overview of how FERC views net metering from a jurisdictional standpoint. The memo concluded that as a general matter, under FERC's current "netting" approach to net metering programs, it would appear that states would be more likely to avoid federal jurisdiction by retiring any net excess generation over the billing period. To the extent the state chooses to provide some form of compensation to the net metering participant for net excess generation over a billing period, it should do so pursuant to the utility's PURPA-based avoided cost.

VGS – Purchased Gas Adjustment – Tariff No. 8550 – Vermont Gas filed tariffs reflecting a 6.6 percent decrease to the Natural Gas charge, equivalent to a 3.2 percent overall decrease in firm rates, effective with bills rendered on and after February 5, 2015. The filing was made consistent with Vermont Gas's alternative regulation plan. On January 20, the Department filed a letter supporting the proposed decrease in rates.

VGS – Alternative Regulation – No Docket – The Department is in talks with Vermont Gas regarding an extension of its existing alternative regulation plan. Prior to Vermont Gas’s second revised cost estimate for the Phase I project, the Department and Vermont Gas agreed to a two-year extension of the existing alternative regulation plan with some modifications. The Department and VGS committed to reporting to the Board by January 30 on whether the parties could reach agreement on modifications. If not, a new plan and full rate case would be filed. After the revised cost estimate for Phase I, the Department informed Vermont Gas and the Board that a full rate case would be necessary before Phase I is put into service. The Department and VGS met on January 16 to discuss the alternative regulation plan and the Department provided VGS with a proposed redline. VGS is due to respond this week and a follow-up meeting is scheduled for January 23. An open issue is whether VGS will seek to put all or some of Phase I in rates for the upcoming rate year or whether it will defer doing so for an additional year.

Chelsea Solar – 2.0 MW Standard Offer Project in Bennington - Docket 8302 –

ANR has signed a partial Memorandum of Understanding (MOU) for this project and PSD is on track to do the same. The partial MOUs cover all aspects of the project except the 1 mile line extension which involves construction by GMP of a new 3 phase power line. The Petitioner has agreed to provide supplemental testimony addressing the impacts of that line extension under the 248(b) criteria and the PSB granted Petitioner’s request for a ten month extension of the construction milestone under its standard offer contract. A PSB status conference on 1/16/15 merely confirmed the need for parties to file a schedule for the remainder of the docket. There are two outstanding issues in the PSD negotiations on the initial partial MOU. First is the decommissioning fund, where following initial testimony proposing a fund amount of approximately \$150K, Petitioner now wishes to cut the proposed fund by 1/3 based, apparently, on the fact that the PSB has approved funds for \$100K for similarly sized solar projects. Second is the issue of visual screening of the project from Route 7 opposite the Welcome Center in Bennington. PSD is reviewing the claim that no screening is possible from that vantage point. We anticipate concluding negotiations and filing a Partial MOU by 1/26/15.

New England Clean Power Link Project – Docket 8400 – The PSB scheduled the prehearing conference for January 28th. PSD has requested that Engineering review the extensive petition in advance of the prehearing conference. PSD has also discussed aesthetic review with an aesthetic consultant. The petitioner circulated a proposed schedule that is aggressive overall and includes a number of untenable deadlines. PSD will be tracking staff time for bill back for this merchant project and is considering whether to retain additional outside consulting assistance. The PSD and ANR have conferred on the schedule and will provide full feedback to the petitioner as soon as practicable. In the interim we have asked for clarification on whether a single site visit and public hearing for this project is adequate, and if so, what location(s) the Petitioner had in mind for those components of the PSB Section 248 process.

Use of EEC Funds to support electro-technologies to reduce the use of fossil fuels - Docket 8311- PSD, supported by all parties to docket, moved to extend the deadline for initial testimony based on issuance of Hearing Officer’s questions on 1/13, from 1/16 until 1/23. PSB granted the extension. PA is reviewing draft testimony from PERD.

Woodstock Aqueduct Company – Tariff 8535 – The PSD continues to work with the petitioner

to improve their filing. Since the petitioner continues to make changes to the various documents (and hasn't provided the required notice to the customers), the PSD has requested the petitioner withdraw this filing and submit a final clean version of the complete filing to the PSB and the PSD. The petitioner has requested another PSD review before they file it with the PSB.

SunE DB11, LLC – Docket 8248 – The PSB requested comments on the petitioner's Motion for a Determination of Non-Substantial Change or in the alternative a change to its CPG to allow the use of a temporary access road and lay down area. PSD informed the PSB that we had no comments.

GMP IRP – Docket 8397 – The public hearing will employ Vermont Interactive Television and has been scheduled for February 9th.

Vermont Gas-Plouffe condemnation--Docket 7819- A site visit, originally scheduled for January 5 but postponed due to weather conditions, has been rescheduled for January 29. VGS has requested that the Board issue an order as to the scope of the compensation phase as it prepares to produce its testimony.

Finance

Electric

Barton Village Electric – This week Barton made an informational filing disclosing that it may have misused bond proceeds. Additionally, Barton has not yet filed its Annual Financial Report and Gross Receipts Tax Return for 2013. Staff is reviewing the filing and continues to request that the Annual Report be filed. There is no new information to report this week.

Enosburg: Franklin Foods Economic Development Special Contract (draft) — Staff has reviewed a draft proposal to lower Franklin Foods electric rate by \$.02 for the next 3 years. In response to informal inquiry regarding an accounting order to defer the costs of the discount, we initiated informal discovery with VPPSA to learn more specifically what the rate impact of the contract may be on Enosburg and are awaiting a response. We have followed-up with VPPSA but have not received any new information this week. We will continue to follow-up and recommend they file as soon as possible. It is probable Enosburg may need a rate increase to cover the cost.

Stowe Electric Department (SED): Tariff 8553-Rate Design- Stowe filed for approval of its updated/new rate designs that include updated cost allocations, consolidation of customer rate classes and new optional Time of Use and Critical Peak Pricing rates. The rate class cost of service and rate redesign is the first in Vermont to use load data generated by AMI (Smart Meters). The rate design is under review and a Department recommendation is due March 16, 2015.

Swanton: Tariff 8536-Rate Design Filing – This is Swanton's rate class cost of service and rate design filing. This week the PSB held a Pre-hearing conference where a schedule was set for the case. They also issued several questions to Swanton concerning the filing.

Swanton: Docket 8291--Financing for Capital Projects Compliance Filing: This week Swanton submitted executed loan documents for two of its capital projects. There are some questions regarding unclear language in the documents pertaining to use of the utility truck and how the funds for the loans will be recovered [through electric department rates and fees (ratepayer revenue) or through municipal tax revenue]. Staff has prepared questions that are pending review before sending to Swanton.

Vermont Electric Cooperative, Lyndonville Electric Department (LED) Docket 8377--Joint Petition for Approval to Transfer Service Territory in Sheffield. The Board held a technical hearing on December 18, 2014 and this week issued a proposal for decision (PforD) on January 20, 2015 recommending the petition be approved without conditions.

VEC Miscellaneous Charges TF 8554—This week we received a VEC petition to update rates for its miscellaneous services (such as disconnections, reconnections, establishment of service) that were last updated in 2009. The proposed changes are to reflect VEC's current costs to provide such services and to match utility costs with cost causation. We are considering opposing this change and recommending that such rate changes be made as part of a general rate increase when all rates would be changed. A PSD recommendation is due February 18, 2015.

Washington Electric Cooperative: WEC has filed for an Accounting Order to Defer Extraordinary Storm Expenses that may range from \$850,000 to \$1 million. Staff is reviewing the filing and has issued requests for supporting documentation. Preliminary responses indicate the storm damage may be less than amounts requested for the Accounting Order and may be in the \$650,000 range. We plan to request that WEC revise its requested amount for the Accounting Order.

Natural Gas

Vermont Gas Systems (VGS) — Alt Reg Plan (ARP) extension---This week Fin and Econ completed drafting proposed changes to VGS's ARP and along with PA met with VGS staff to discuss the draft of proposed changes including the need for a fully litigated rate case if VGS plans to include the Addison/Middlebury plant in its rate base for its FY commencing on October 1, 2015. At the meeting VGS has not yet determined when the project may be completed and placed into service. The meeting went well and the parties agreed to meet again the following week to further narrow the possible issues. An Alt Reg Plan recommendation is due to the Board by January 30, 2016.

VGS Purchase Gas Adjustment (PGA) Filing Tariff 8550--The filing reflects a 6.6 percent reduction in the natural gas charge resulting in an overall decrease of 3.2% in firm rates effective with bills rendered on and after February 5, 2015. The tariff adjusts for an over collection of gas revenues of \$1.25 million. The rate change is largely due to a decrease in the wholesale cost of gas. Finance & Economics has completed its review of the filing; prepared a recommendation for PA last week; and this week the Department recommendation was filed with the Board recommending approval.

VGS—work continues on the use of rate payer provided expansion funding. The parties have agreed to work together to build a 'model' that will delineate the financial rate payer impact of

various options. PA is assessing the probability of a successful outcome regarding a possible IRS private letter ruling. We met this week with VGS to further discuss work on the model that is continuing this week.

Water

Woodstock Aqueduct (WA) –filed a petition on November 1, 2014 for a 20.3% or \$75,106 rate increase effective with service rendered on February 1, 2015. WA's proposed rates are designed to produce an overall 20.3% increase but it is not an across the board uniform increase. Staff completed its analysis and sent a recommendation to PA on January 12. Thereafter, it was discovered that Woodstock never posted its customer notice, and had to change the effective date to April 1, 2015 to allow time for customer feedback. Woodstock submitted its Proposed Rates, Rules & Regs, and Disconnection Notices for review and staff noticed a discrepancy and brought it to PA's attention to clarify with WA.

Chalet Village Water System: Chalet Village requested assistance with preparing for a rate increase. Chalet has experienced a decline in revenue resulting from a smaller customer base due to Hurricane Irene damage. Staff researched and reviewed available documentation from its last rate case in 2008, including certain stipulations that were established, and previous years' annual reports. Information on the available annual reports does not appear to be complete or entirely accurate; Staff sent a request for additional documentation to Chalet in order to obtain better historical data on December 17 but has not received a response yet.

Energy Efficiency Utilities

Fiscal Agent (FA)-Financial Statements: Request for Restatement of 2012 and 2013 Energy Efficiency Charge Financial Statements - The Department provided comments to the PSB proposing that the FA restate its financial statements for 2012 and 2013 and note in those restatements that there were material misstatements of remittances as well as a failure of internal controls to ensure accurate and reliable financial statements. The FA provided comments to the PSB responding to the Department request saying the mistake was the fault of GMP and that some of our statements were "very misleading and inaccurate". Staff is preparing a response to the FA comments.

PSB Rules 5.308, 5.310- Requests for reimbursement of EEC-related customer notice and uncollectible amount expenses: Staff received reimbursement requests from VEC totaling about \$13,409.

VEIC – Other Direct Costs (ODCs) Detail November 2014 –VEIC provided the requested back up detail. No exception items were noted during review.

Non-Docket Projects

Staff is continuing to work on a comparison of GMP's and VGS Alt Reg plans that identify differences between the plans and how those differences impact stockholders and ratepayers. We are completing the comparison in anticipation it will be needed later regarding inquiries from AARP and the legislature.

REMI – Training/demonstration – Presentation to review and demonstrate the capabilities of the interrelated PI+ tax model. It is noted that the VT Dept. of Taxes has subscribed to the REMI tax model and this may be a resource for energy related tax modeling.

PureDocs:

Annual Reports – All – Staff continues to await a response from Sustain regarding a utility's possible revised Annual Return and submission thereof, as that answer from Sustain will determine updated wording on the General Rules of Reporting concerning Annual Report Revisions.

Annual Reports – Cable and Coin Operated Public Telephones – Staff participated in a teleconference with the Telecom Division and Sustain. The teleconference focused on how to capture the rates as charged by the different cable companies to their customers. Telecom provided answers on capturing information about pay telephones.

Annual Reports – Large Electric – Staff advised Sustain of the apparent exclusion on the form for General Rule 3.600, Maintenance of Right of Way.

Statistical Reports – Electrics – Sustain asked for copies of reports created from electric annual return information. Staff sent the kWh and Revenue Report as well as the Customer Density Report for Sustain's review.

Meetings This Week

January 14: Meeting with GM to discuss possible changes to the power cost adjustment file

January 16: Meeting with VGS to discuss the renewal of its Alt Reg Plan

January 19: Internal Legislative Status Meeting

Meetings Next Week and beyond

January 23: Vermont Gas Systems – to discuss revisions and simplification to the Lock-Price Program

January 26: Leg team meeting

January 28: CFO Forum meeting in Rutland

Telecommunications

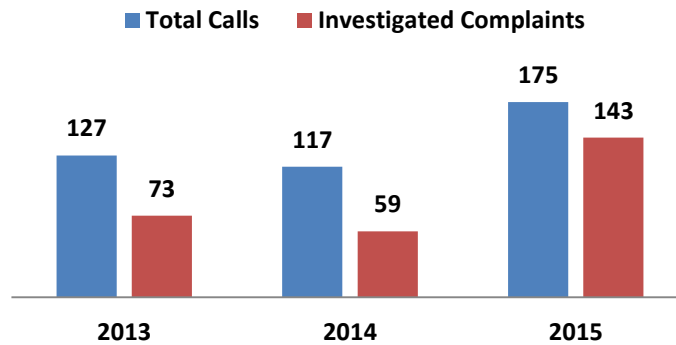
CPI

Please note that this report covers activity from Sunday to Saturday, January 11 – 17, 2015.

CALL DATA

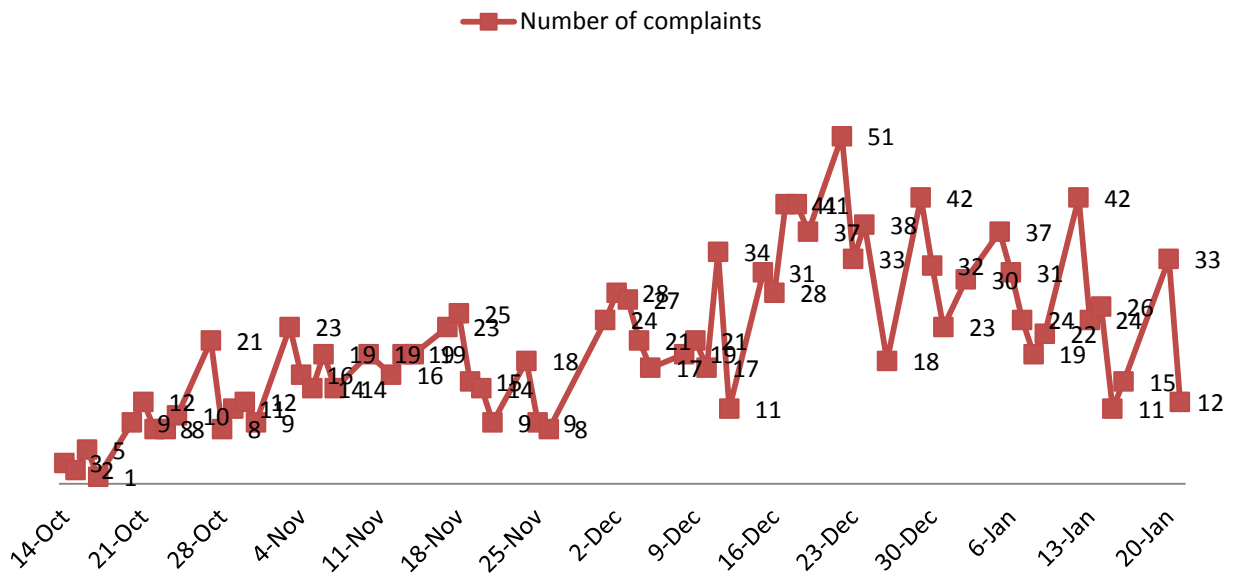
Calls to CAPI

Same 7 days each year



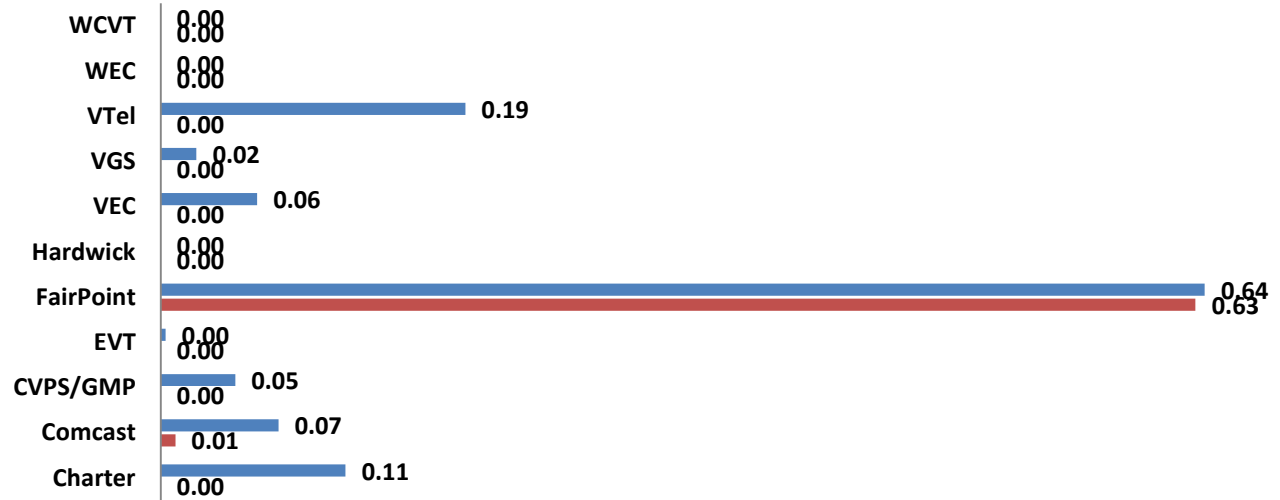
FairPoint Complaints

Beginning 5 days before 10/17 strike to present



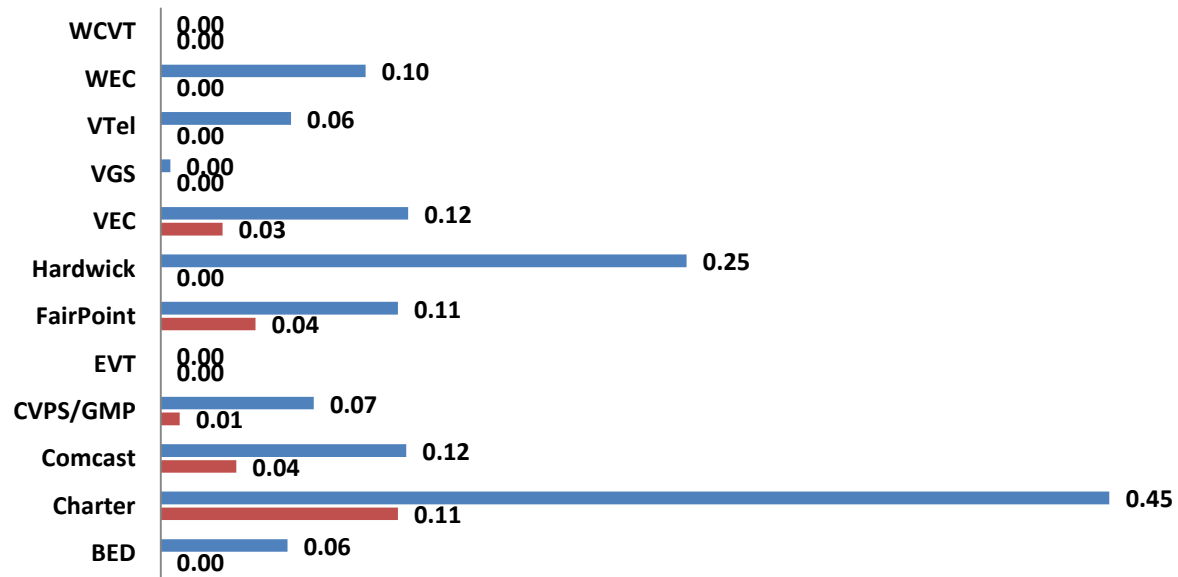
Complaints Investigated, by Company
per 1000 customers
January 1 - present, 2015

■ Grievance ■ Escalation

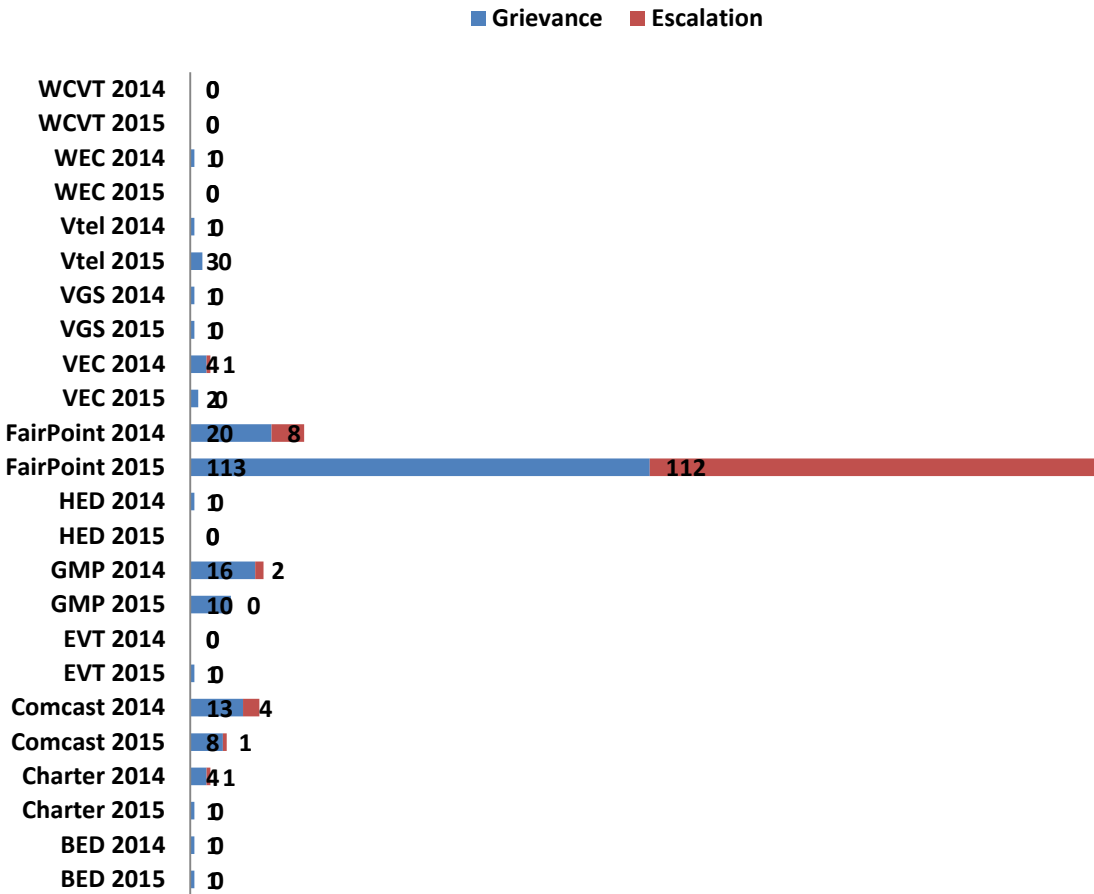


Complaints Investigated, by Company,
per 1000 Customers
January 1 - present, 2014

■ Grievance ■ Escalation



Number of Complaints Investigated, by Company YTD 2013 and 2014



NOTE: The data on complaints by company is based on companies with the highest complaint volume. Absence from this chart does not mean there have been no complaints against a company.

DEFINITIONS:

Grievance: 1) An investigated complaint about a regulated service where PSD determined that the utility did not do anything wrong, 2) An investigated complaint about an unregulated service, whatever the outcome of the investigation (wrongdoing or not on the part of the company).

Escalation: A complaint about a regulated service that PSD investigates and finds wrongdoing on the part of the utility. This includes situations where a utility's resolution process failed to address a complaint and resolution was not reached until DPS became involved.

CONSUMER COMPLAINTS

Complaint topics included, but were not limited to:

- FairPoint: majority being repair and installation delays and erroneous ticket closures
- VTel: delay in broadband build out
- GMP: billing and budget billing

OTHER DIVISION ACTIVITY

FairPoint: From 10/17/14 to 1/21/15 CAPI has received 1382 complaints against FairPoint. We continue to meet with the company, currently 3 days/week, via phone and in person to discuss ongoing strike-related repair, installation, and service quality issues. In the past week FairPoint has reported significant improvement in its trouble load, down almost half from the previous week (from 1900 to 1100). CAPI continues to maintain and receive large numbers of complaints, about which we are in daily contact with the company. CAPI staff has also been participating in phone meetings with public utility commission colleagues in New Hampshire and Maine to share information and ideas about working with FairPoint and resolving consumer issues.

TracFone & Lifeline: CAPI hosted a conference call with TracFone and the Department for Children and Families to discuss next steps to get TracFone established as a Lifeline discount provider in Vermont.

ISO-NE Consumer Liaison Group: The Coordinating Committee met to plan the next quarterly meeting, to be held in Vermont on March 13. CAPI staff proposed a topic, which the committee discussed and used as the basis for its final topic decision, to be: New England and Vermont's Energy Marketplace: Grid Modernization, Supply Diversification, Pricing. Staff are now working to secure a keynoter (hopefully Governor Shumlin) and panelists for represent industry, business, a distribution utility, and PSD staff.

State National Action Plan Telecom call: CAPI participated in the monthly SNAP call. It included information on the FCC's new consumer help center, which simplifies the process for filing a complaint, streamlines the complaint investigation process, and makes more data available to the public regarding aggregated complaints. The new online consumer help center can be found at <https://consumercomplaints.fcc.gov/hc/en-us>. The FCC is conducting outreach to inform the public.

REGIONAL POLICY

Future Winter Reliability Programs

- ISO-NE has previously stated that some sort of winter reliability program (incentives for dual-fuel capability and ensuring the availability of oil and LNG for generation needs) is needed until the winter of 2018-2019, at which time the Pay for Performance program will be implemented. Both last winter's and this winter's reliability program were designed as out-of-market programs; in other words, there are direct incentives to generators without any type of auction or other market mechanism. ISO-NE contends that developing a market-based mechanism designed to function for only 2-3 years is not a reasonable use of resources. Further, no stakeholder has proposed any market-based mechanism to address winter reliability to date.

- On January 20, FERC issued an order clarifying its September 9, 2014 Order approving the 2014-2015 winter reliability program. The New England Power Generators Association had filed the underlying motion for clarification, requesting guidance from FERC as to whether ISO-NE is required to implement a market-based winter reliability mechanism. FERC's January 20 Order stated that, if "a winter reliability solution is necessary for the 2015-2016 winter and future winters, and, if so, develop an appropriate solution through the stakeholder process that can be implemented beginning with the 2015-2016 winter."
- As a result of the January 20 Order, there will likely be proposals by generators to develop expensive market-based mechanisms.

Distributed Generation

- ISO-NE conducted a survey of all distributed generation (beyond just PV). The total amount of DG installed in New England as of 12/31/2014 is 909 MW ac.
- The states have agreed to ISO-NE's proposal to include a portion of the solar distributed generation forecast into the load forecast, and therefore lower the Installed Capacity Requirement. ISO-NE's proposal is to include forecasted solar DG that is behind the meter (not participating in any ISO-NE market) in the load forecast, but not solar DG that receives money through the energy market. The majority of the solar DG in Massachusetts and Rhode Island (which is slightly more than half of the total amount of solar DG forecast in New England) will receive revenue from the energy market due to PUC regulations in those states and therefore will not be accounted for in the load forecast. All of Vermont's solar DG is considered behind the meter and forecasted amounts will be reflected in the load forecast.

ADMIN

Business Administration Activity

Human Resources

- 3 open positions
 - Staff Attorney II (Geoff)
 - Evaluating candidates
 - Staff Attorney III (Jim)
 - Offer extended
 - Financial Manager I (David)

- Offer extended

Accounting

Accounts Payable

Accounts Receivable

Payroll and Expense Reports

Audits

Budgeting

- FY2016 Budget now locked for submission to legislature

Gross Revenue Tax

Contracts

Note: Sheri is now managing contracts

- Anthony Roisman (19702) – on hold for further review
- Acentech – completed
- Navigant (25856) – Amendment #1 – Sent to Commissioner for signature
- Tabors Caramanis Rudkevich (28254) – AG working with J Woodward

Federal Reporting

Facilities [Equipment, vehicles, building, telecom, WEB]

Dig Safe

- 1 UFDRs received
- 31 cases for review

General

Grants

Meetings

PureDocs

- 20 “to be” documents sent to Sustain
 - 1 (Regional) has been evaluated by Sustain and returned as Draft Requirements. Comments from PSD have been returned to Sustain.
 - 5 (Small Electric, Large Electric, Cable, Gas, Water) are in process by Sustain
 - 14 “to be” documents are on Backlog by Sustain
- We are still anticipating a Q12016 go live date.

Training

-

Director and Group Leader/Supervisors Commentary (including sensitive personal commentary):

State of Vermont
Department of Public Safety
103 South Main Street
Waterbury, Vermont 05671-2101
www.dps.state.vt.us

To: The Honorable Peter Shumlin
From: Keith Flynn, Commissioner of Public Safety
Date: January 23, 2015
Subject: Weekly Report

Vermont State Police

A Troop

14 Total arrests, 3 DUI arrests

Troopers remained very active on the interstate with multiple accident scenes both on and off the interstate.

St. Albans Troopers responded to a report of an armed robbery at a pharmacy in Richford. With the using of K-9 tracking, the suspect was found at a house in Richford and subsequently taken into custody.

Robbery at Notch Pharmacy in Richford, 25 year old male arrested and lodged 75K bail.

NUSI, 3 month old infant sent to UVM medical center with skull fracture, investigation so far points to accidental. DCF working with family.

NUSI, sex assault investigation at Brownway nursing home in Enosburg, 64 year old male obtaining oral sex by older female with cognitive brain function. Female victim interviewed, but has no recollection, APS involved. SA review in the case resulted in declination for prosecution.

NUSI, L&L case at Fairfax Middle School, 12 year old female touching groin area of other team members.

WCSIU, Fraud case involving an elderly person who sent \$2400 on a million dollar lottery winning, investigation revealed call made from throw away phone in Jamaica.

WCSIU, Domestic assault case taken involving a 14 year old male and his father, parents in divorce proceedings, investigation revealed that kids trying to get father in trouble.

B Troop

10 Total arrests, 6 DUI arrests

Troopers responded to a report of a female who stabbed herself in St. Johnsbury.

Child abuse case in Walden. 4 month old child brought to Fletcher Allen with skull fracture. Father is suspected in causing the injury. DCF has had involvement with the father in the past (Early 1990's and early 2000's). DCF has been involved throughout the investigation and has taken custody of 4 children in the residence.

Correctional Facility case regarding Contractual staff having a potential inappropriate relationship with an inmate.

Sex assault case In Jay, VT 18 yr old girl went to a party in Jay at a camp and was sexually assaulted 1 month ago. She is also claiming that the month prior to that she was sexually assaulted in Hardwick at a camp. Both cases involved underage drinking. All parties live in Colchester.

C Troop

14 Total arrests, 4 DUI arrests

Numerous bad snow/ice days. Over 60 crashes responded to.

Shaftsbury Troopers had a very busy week making 10 arrests while investigating 17 accidents. The snowstorms and icy road conditions were the cause for the majority of the accidents.

Sex offense at Correctional Center. Inmate reported being fondled by another inmate.

8 year old girl was being sexually abused by her older brother. Town of Wallingford. Victim interviewed.

15 year old girl was involved in a sexual relationship with a 23 year old female. Town of West Rutland.

15 year old boy was involved in a sexual relationship prior to turning 16 years of age with a 38 year old female. City of Rutland.

D Troop

22 Total arrests, 7 DUI arrests

Responded to a two car accident with injury in Cavendish; one operator was running around naked; one cited one for DUI-Drug.

Many, many crashes and slide offs too many to report.

Arrests for Possession of Heroin X2, Delivering Heroin, Heroin conspiracy and Violating Conditions of Release.

Investigated a fatal Snowmobile Crash. A 67 year old female was riding, hit a log and was thrown from the Snowmobile. She sustained injuries that resulted in her death.

Royalton Barracks was extremely busy with MV Crashes during the ice storm.

DEMHS

DEMHS was in frequent contact with VT utilities through the 1/17/18/19 Holiday weekend monitoring the storm situation. Ultimately no requests for assistance were made of the SOV. Public Information storm related communications were provided during the weekend to include continuous social media updates before, during, and after event as well as coordinated messaging with utilities and Department of Public Service.

Joint Preliminary Damage Assessment tours with FEMA were completed and final verified numbers are in. Total validated damages from the 12/09/14 storm were \$3.77M, exceeding indicator thresholds in 10 counties. DEMHS forwarded a Request For Presidential Declaration to the Governor's Office. This will be reviewed and forwarded by the Governor directly to The President.

Director, Deputies and other staff met to discuss the decision to deploy a DEMHS person(s) into a local jurisdiction(s) for rapid assessment, situational awareness and to offer organizational assistance/advice (Incident Mgmt. Team) to the jurisdiction. This will mean that in most "events" there will now be a field-response by DEMHS. This has been done formerly by VEM several times through the years, however on a sporadic basis. It is the intention now to make this more routine.

Homeland Security Grant funding just released three opportunities for local jurisdictions to apply for "approved" equipment. Applications from locals are due back by 02/27/15 and DEMHS will conduct four sessions around the state in January and February to assist responders with the completion of their applications.

Fire Safety

The division received \$2.5 million in new construction valuation collecting \$14,000.00 in permit fee revenue.

We are presenting a pro-board fire inspector 1 curriculum to the Fire Service Training Council tomorrow to seek approval to run 2 pilot programs.

The plans coming in have slowed down a little allowing us a chance to get caught up. We had a finance meeting yesterday which was the first one in sometime and really no surprises anywhere and on target.

The on-site fuel storage tank at the Academy has failed and needs to be replaced at an estimated cost of \$20,000.00. BGS has pulled tanks at other locations but has agreed to let the training facility continue like they were.

Criminal Justice Services – Office of Technology Management

Active 911 and Rip and Run Software

We continue to get a lot of calls of support for procurement of this software. Many dispatch centers want it for their fire departments. We are working through homeland security to see if there is a funding source.

VJISS – Analytical Data Store

This added functionality that will allow for the analysis of information is moving along. Vermont is the pilot state for this program that is funded through the Arnold Foundation to the Open Justice Broker Consortium. Vermont is a pilot state for this application because of our membership in the Open Justice Broker Consortium. A demo of the beta version of this application is scheduled for next Friday. This project is on a fast track.



State of Vermont
Agency of Administration
Office of the Secretary
Pavilion Office Building
109 State Street
Montpelier, VT 05609-0201
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[phone] 802-828-3322
[fax] 802-828-3320

Justin Johnson, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Justin Johnson

DATE: January 23, 2015

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Of Special Interest to 5th Floor from BGS Directors:

Per Secretary's request, Property Management is putting together an acquisition plan for the Bloomer Building in Rutland. Additionally, prevailing wage data is being assembled for Secretary's use.

Property Management:

HUD Veterans War Memorials: The work for these memorials has been completed for over a year and HUD is looking to close out the project. Need to read the 100 pages on how to close out the projects.

State House Ceres & Dome Restoration: This project is on hold. The Vermont State House is the most visible and important historic structure in the State of Vermont. The gold (gilding) of the dome is approaching 40 years since it was redone in 1976. The gilding is in remarkable shape since gilding longevity is usually estimated for 25 -30 years. The roof substrate is starting to show through and it is time to re-gild. At the base of the dome is the multi-tiered dome drum. The drum paint finish was restored in 1999, but due to its heavy seasonal exposure, the finish has started to fail and requires refinishing. The batten seamed lead-coated copper roof has also started to become thin and brittle in areas of heavy weather exposure. Once the work to the dome and drum has been completed, the next step would be to replace the main roof of the State House and the roof over the House Annex. The cost estimate is \$866K.

Sharon NB Information Center Living Machine Improvements: Dave Whitney of EcoSolutions, Inc. is working on developing a schedule to modify the clarifier, now that the change order to his contract is in place.

Westminster DPS New Facility: This project is currently out to bid with a due date of 2/4/15. We received five responses to the RFP for COTW services. A Selection Committee meeting was held on 1/20 to review proposals. We are working with GMP to determine the route which is most advantageous for bringing 3-phase power to the site. As soon as we have a proposal from GMP, a contract will be written.

Status of Governor's Priorities:

Stable. The Capital Bill's proposals regarding IT, VHCA, education consolidation, elimination of Building Better Communities Grants are receiving the countervailing attention we thought they would.

Legislative Contacts:

Meeting with Rep. Shaw: Met with Rep. Shaw, along with Wanda Minoli and Marjorie Klark (DPS) to discuss Pittsford – Wood Training Center governance. Report will be released on or before February 1.

Senate Institutions: BGS testified and gave an overview of the Capital Bill

House Corrections & Institutions:

- Testified and gave an overview of the status of projects from the last 2 years, including a review of last year's spreadsheet.

Significant Events/Meetings:

Director of Security Interview: Met with candidate Peter Danles. After consultation with Michael Clasen, a job offer was extended to and accepted by Mr. Danles (pending background check). Hopefully Peter will be with BGS within three weeks.

FINANCE AND MANAGEMENT

Staff continues to monitor and attend hearings regarding the FY 16 budget and FY 15 BA.

Project Kick-Off Meeting: On Wednesday morning we had the official kick-off for the Requirements Gathering Initiative for the VISION upgrade to 9.2, E-Procurement, Project Costing and Project Management. There were approximately 100 employees representing key departments including BGS, AOT, ANR, DII, AHS and Public Safety. The goal was to articulate how the requirements gathering was going to occur, what the time commitment of employees was going to be and how the effort was part of a bigger overall project. The presentation was well received and there is considerable excitement being generated in BGS and AOT. This effort will greatly improve the efficiency of their project management and costing efforts.

1099 Misc File: Final scrubbing of the 1099 Misc file is occurring now. We will be delivering the file to BGS – Print Shop on 1/22/2015. They will be printed and mailed before the end of the week.

HEALTH CARE REFORM

No report.

HUMAN RESOURCES

Legislative Update:

Testified before House General, Housing and Military Affairs. Discussed grievance arbitration study. Articulated Administration position that we did not object to moving forward with amending the State Employee's Labor Relations Act to allow State & employee unions the ability to bargain binding arbitration as a means of resolving disputes. I offered for DHR staff to work with VSEA & Leg. Council to come up with language suitable to all parties. This was something VSEA wanted and after my testimony they expressed their thanks at our spirit of cooperation.

Testified before Senate Government Operations – General Dept overview. Senator Bray asked a lot of questions re: what authority the legislature had to alter terms in the collective bargaining agreements and the interplay of the State Employee Labor Relations Act. They confirmed my appointment.

Significant Events/Meetings:

Deputy attended Vermont Commission on Women luncheon. Sat next to Rep. Joanna Cole who is very supportive of position pilot.

Met with DII to discuss the feasibility of DII doing forensic investigations for DHR. While they do not have the capacity, agreed to work with us to develop a statewide contract for these services. These services are expensive and the State would benefit from one contract as opposed to each Agency/Dept. going it alone. Plan to meet with Champlain College's Forensics specialist to get a tour and discuss their capabilities.

Working with DPS and DOC as they develop their plans relative to consolidation of the PSAPS and Community High School. As the number of potential RIFs increases, so does the complexity/resource demand on DHR staff.

Presented FMLA & ADA/ADAAA Training to AOT Supervisors and CBA Training to AHS Field Staff. Wellness

- 1,012 employees have taken the PHA.
- 924 employees are registered for the first challenge (Waist Management).
- Aiming for April or May to offer AOT wellness screenings and PHA visits.

Benefits

- Very few retirees have complained to Benefits or retirement regarding EGWP, and daily reports are still coming back strong from ESI.
- A more thorough audit was conducted of Cigna's last year as the medical administrator and then compared to an implementation audit of BCBS.
 - Some interesting contrasts between how claims were handled by Cigna vs BCBS might point towards answering the questions we had regarding the sharp rise in costs and claims – more to follow here once we have further analysis.
- We have preliminarily agreed to offer vaccinations through pharmacies as part of the ESI pharmaceutical benefit, but details are still being finalized.
 - The vaccinations would include flu, pneumonia, and shingles. All other vaccinations would still be handled at the member's PCP. This offers much greater convenience for beneficiaries.

Job Link: Discussions with Dept of Labor Re: uploading State positions to their website. Appears all they need is an XML (excel) file as opposed to a feed from Integration Broker as previously thought. This is huge. We remain cautiously optimistic as DII evaluates the technical specs, but extracting data to an XML file and feeding that to Labor should not be difficult. We may see all our jobs listed on Job Link far sooner than anyone expected.

DHR has two pieces of consulting work going with DVHA: a VCPM consulting project on identifying functions/processes in the Department and recommendations on communications improvements; and a senior management team planning process. Will meet with Mark Larson and Lindsey Tucker on Thursday for a status update and to make plans going forward, in light of Mark's announced resignation. The MOU for this piece of work has been vetted and approved in DHR, is now under review in DVHA, awaiting final draft for signatures.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare:

- Healthcare hosting continues to progress and we have completed review of three viable approaches and vendors. It was encouraging to see that hosting and operations cost estimates for steady state were all plus or minus 25% and in all cases a reduction from what we currently pay CGI for hosting services. The cost differentiation in vendor proposals was higher in one case because of the method used to transition from CGI to their hosting services. In the next 2 weeks, the state will need to enter into a letter of intent with a hosting provider, as work needs to start by 2/7/2015 to have any chance of completing transition by 5/15/2015 as CGI has clearly stated they will not continue.
- Oracle software unlimited license agreement (ULA) discussion between DII and AHS continues as the deadline for extending the ULA approaches in 4 weeks. Because of the slowdown in both integrated eligibility and MMIS projects, not all the required Oracle products or capacity have been implemented as required by these healthcare projects. It is critical to extend the ULA for another year so we can get accurate sizing and software deployed under an agreed to maintenance cost. If this is not done, the state will be forced to rebuy licensing and pay additional maintenance.

Legislative Issues/Contacts:

Joint session of House Appropriations and House Healthcare – Richard provided follow-up testimony on the FY15 Budget for VT Health Connect to talk about significant variances from the original DVHA budget submitted over a year ago.

Richard Boes met with Rep. Peter Fagan as he has been assigned as HAC's point person for DII and wanted a general overview.

Significant Events/Meetings:

Following is partial email text from Adrienne Wojciechowski, Senior Advisor, Senate Judiciary Committee for Senator Leahy:

“.... The Senator has recently been approached by the company NIC, about their unsolicited proposal to the U.S. Fish and Wildlife Service to increase Duck Stamp sales through a public-private web partnership to create a new marketplace for Duck Stamp sales. Their staff was quick

to mention to me that they do very similar work with Vermont.gov, so I was hoping to check in with you about the state's relationship with VIC and how that process has worked since their initial contract in 2006. Of course the big question is just how much of a cut NIC is interested in taking from the Duck Stamp sales, although they claim that it would come at no cost to the Service and merely a service fee that customers would pay as a transaction convenience fee for being able to purchase the electronic duck stamp. Anyhow, if you have a moment I would appreciate hearing how the state's relationship has been with VIC. Of course if you are not the appropriate DII person for me to be asking about this please let me know who I should reach out to..."

Commissioner Boes talked with Ms. Wojciechowski on 22 January explaining our relationship with the Vermont Information Consortium (VIC) and the give and take of our contract.

Evolving Issues:

W2 Processing: Support for the preparation of W2s is underway. Distribution of W2s targeted for 1/23.

Voice over Internet Protocol: VoIP RFP was released to public on Dec 14. Received around 200 questions from potential vendors. Meeting with team this week to generate responses to these questions.

- Waterbury Complex: Meeting monthly with team (i.e., BGS, vendors, etc.) to discuss progress of project. No obstacles in site...still scheduled to move warm bodies into complex on 15 Dec 15.

Web

- Harry Bell met with the Secretary of State's Office on 1/16 to discuss the use of the Open Data Portal to share their data online. They are now having internal discussions about how to use the service.
- Harry will be meeting with the Judiciary on 1/29 to begin the process of them using VIC to host their main Website.
- Harry will be meeting with VIC and DCF on 1/22 to discuss a change in the fee model for their online Child Support Payment Service. There was not good information about likely use of the service when it went live so the parties agreed on an initial funding structure. Now that the service has been online for a significant time we are revisiting the formula to see how it is working.

LIBRARIES

No Report.

TAXES

No report.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: January 23, 2015
Re: Weekly Report

Status of Governor's Priorities:

- Marijuana Report from the Rand Corp being thoroughly studied by our folks.
- January sales look good.

Legislative Issues/Contacts/Updates:

- Miscellaneous clean up language for Title 7. Working on some housekeeping changes.
- Spoke to House General this morning. Good questions. Gave the new members an overview from Prohibition to today's marketplace. Very good cross sections of folks on the committee.

Press Issues/Releases/Contacts:

Significant Events/Meetings: Next Board Meeting 02/04/2015 - Enforcement Hearings.

Evolving Issues:

- ERP/POS Project underway. Excellent Progress! Recent meeting with vendors and staff working through the particular functions of the front end and back end systems.
- Preliminary review of department processes for potential licensing and enforcement system. Considering using VIC as they are very familiar with our business processes to help with a statement of work.
- Break open ticket reporting process is working. Live data for January is being entered. Should have some numbers by the first quarter.

Summary of Key Department Activity:

- Reviewing internal controls with staff and department committee.
- Looking closely at more cross training for some of our divisions.
- **Commissioner's Commentary:** Have a great weekend.