

WEEKLY REPORTS

Checklist

10/4/2013

Elizabeth Miller/Aly Richards

- ☒ Agency of Commerce and Community Development – Lawrence Miller
- ☒ Department of Labor – Annie Noonan
- ☒ Department of Financial Regulation – Susan Donegan
- ☒ Agency of Education – Armando Vilaseca
- ☐ VT Commission on Lottery – Greg Smith

Louis Porter

- ☒ Agency of Transportation – Brian Searles
- ☒ Agency of Human Services – Doug Racine

Sue Allen/Leigh Appleby

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

Sarah London/Carolyn Wesley

- ☒ Department of Public Safety – Keith Flynn
- ☒ Agency of Administration – Jeb Spaulding

Susan Spaulding

- ☒ Boards and Commissions
- ☒ Department of Liquor Control

To: Governor Peter Shumlin
From: Lawrence Miller, Secretary - Agency of Commerce and Community Development
Date: October 4, 2013
Re: Weekly Report

National Manufacturing Day is Friday in Vermont as proclaimed by Governor Shumlin. Lisa worked with Ken Horseman, Jen Butson and Nancy Driscoll on Op Ed and release highlighting Vermont's manufacturing innovations and list of "50 Innovations Made in Vermont". Op Ed confirmed to run in Vermont papers including Burlington Free Press, Vermont Business Magazine, Addison Independent, Essex and Colchester Reporter, The Mountain Times. Release, which also leverages James Fallows recent The Atlantic report, goes to national business media as well as regional media and regional college papers and will live on our site.

Vermont Castings: Spoke with Jacob Reiner, new CFO of this now employee-owned company who is planning to consolidate all of Vermont Casting's manufacturing back in Vermont as of December and

Fact of the Week: According to a September article by Governing, when it comes to attracting new residents from out-of-state, Vermont ranks eighth in the nation and, second in the nation in attracting the educated: 56 percent of those moving to Vermont have a bachelor degree or higher.

Brent held a meeting with Jean-Guy Delorme, VP, Federation des Chambres de Commerce du Quebec regarding entering into a joint VT-QC trade promotion agreement; methods of increasing b2b contacts; and other bilateral activities we may work on together to grow trade between VT & QC companies;

Fred and Kim worked with Biotek, Logic Supply, Freedom Foods, Cambridge Valley Machining, Dealer.com, Farmer Mold and Machinery, JBM Sherman Carmel, and AEG Holdings regarding Final VEGI Applications for the projects they intended to start in 2013 and for which Initial approval was given for VEGI incentives. Freedom Foods, Logic Supply, and Farmer Mold intend to file in October; Dealer.com, Biotek, and JBM will file in November. All have or intend to start their projects in 2013. Cambridge Valley Machining and AEG will request to defer their start dates to 2014.

LED Dynamics: Beth Demers and Joan Goldstein (GMEDC) met with Spencer Newman and Bill McGrath of LED Dynamics. The company is looking at putting in a new line. Interest in VTP is for the cross training of current employees in preparation of the new equipment and to add to the flexibility and value of employees. Bill noted that a number of employees would fall below the VTP minimum thresholds. **He also noted that he has had difficulty moving people upward in the pay scale because employees fear the loss of state/federal benefits such as SNAP, Catamount Health, and rental assistance. He recently had a newly promoted supervisor quit because she lost her child care subsidy and could not afford to continue to send her child to daycare.** The issue of the benefit cliff for lower wage workers has not gotten much political leverage in recent years. However, this conversation helps us to realize that it is still very real to these employees and may be holding them back from fully participating in the workforce.

National Life Solar Project: Scott met with Derek Moretz from Encore Redevelopment and Tim Shea from National Life to discuss archaeological work for the proposed 500 kW solar on National Life property west of Rt. 12. Three areas were defined within the overall project area that represent the highest archaeological sensitivity and National Life will likely engage an archaeological consultant to conduct a Phase I site identification site within these locations before the Public Service Board review is concluded. They seem to be in agreement with this process and are amenable to conditions minimizing impacts to any significant archaeological sites found.

Route 78 Project: Over the last couple weeks, Northeast Archaeology Research Center archaeologists have uncovered an apparent longhouse structure at the Headquarters site in the Missisquoi Wildlife Refuge. This is the first definitive longhouse structure ever found in Vermont, and may be several hundred feet long. Longhouse structures are typical during the Late Woodland cultural period immediately before European contact and housed multiple related families in semi-permanent villages and were possible because of an increased reliance on agriculture. Based on ceramics found so far, this structure dates from sometime between the 13th and 15th centuries and is associated with a dense midden (garbage) deposit along a former river channel. Laura visited the site to see this structure and other finds documented along Rt. 78. Much of the structure will not be affected by the project and will be left in place for future study.

CDBG-Disaster Work

- **Questions from Colorado:** Josh fielded questions from the City of Boulder in regards to the process of receiving a CDBG-DR allocation from HUD.
- **Fed Gov. Shut-down:** Josh fielded questions from some of our CDBG-DR partners in regards to how the Shut-down might impact their programs. There are no impacts yet, but if it lasts more than a week it could delay HUD's approval of our CDBG-DR II Action Plan.

Dept of Labor website: After meeting 2 weeks ago with the DOL to talk about options for moving forward on their website, the CMO and DII have not heard from them whether they intend to migrate their design into the standard template or pursue custom development. We have followed up with them a second time and will continue to stay in touch.

Memorandum

To: Honorable Governor Peter Shumlin

From: Commissioner Annie Noonan

Re: Weekly Report – Week Ending October 4, 2013

The most time-consuming project this week has been responding to inquiries from Finance and Management, congressional delegation, NASWA, USDOL - ETA, BLS, the press and the general public about the shutdown and continuing of services.

Unemployment Compensation

UI benefit payments continue to claimants despite the shutdown. The USDOL cancelled all BLS (Bureau of Labor Statistics) work, which impacts our LMI staff, AND they have said the release of September's state-level total unemployment rate scheduled for October 22 may be delayed. In assessing the impact of the inability to draw down federal UI administration dollars, we are critically examining UI administration charges against our UI admin \$\$ balance, and then, what potential reserves we might legitimately utilize once the federal dollars are exhausted. We estimate having to dip into "other/reserve" funds as early ten days.

UI Call Center Stats: For the week ending 09/28/13 we took 1,943 calls, an increase of 121 calls from the prior week. We processed 315 initial and 304 additional claims. We paid 3,938 claimants during the week ending 9/28/13 compared to 3,977 for the week ending 09/21/13.

Federal Employee Claim Summary as of 3:00 PM on Friday, October 4, 2013: **Total: 213**

Air Force – 40

Army – 46

Homeland Security – 27

Agriculture – 42

Labor – 2

Treasury – 6

Commerce – 3

Interior - 9

Transportation: 1

Defense: 2

Social Security: 1

Health and Human Services: 1

Labor Dept: 1

Treasury: 6

Agriculture: 14

Homeland Security: 8

Defense: 1

Peace Corp: 1

General Services: 1

Navy: 1

Note: If federal employees receive retroactive salary, they would be required to pay back the money they receive from UI. We can set folks up on a payment plan if necessary.

Vermont Yankee: Tri-state work continuing very smoothly. VDOL is scheduling a meeting for the 3-state DOL staff with VY HR staff.

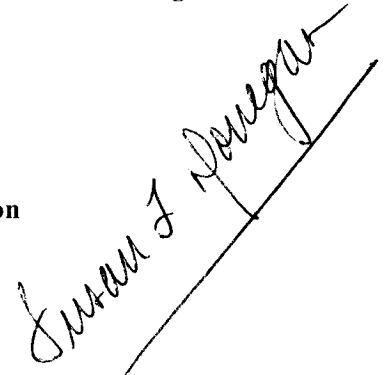
Workforce Development Division: Veterans: Our new fed-rep out of Boston, Paul Desmond was ere last week – and seems very committed to VDOL's ideas and needs to improve services. This is a huge change from prior administrators. Regarding our federal money for the program, our DVOP and LVER staff funding would be closest to the wire, with money running out by Nov 4 and Dec 14. We are excited about the VDOL's inclusion in the successful UVM TAACCCT grant that will give priority services to Vermont Veterans. WIA: The money for Adult and Dislocated Workers has not been issued. Feds are saying they will "try their best" to get more info on the funding Vermont has enough money in both of those programs to carry us for a while. WIA Youth and Wagner Peyser money is okay for a while. VOSHA and WorkSAFE: State split at 50% so we have state money here we can charge for a few months (Chad is checking, but thinks until December for VOSHA, but less time for WorkSAFE).

State of Vermont
Department of Financial Regulation
89 Main Street
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For consumer assistance:
[All Insurance] 800-964-1784
[Securities] 877-550-3907
[Banking] 888-568-4547
www.dfr.vermont.gov

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: October 4, 2013
Re: Weekly Report



Insurance Division:

Colorado Insurance Department Commissioner Marguerite Salazar called Commissioner Susan Donegan this week regarding insurance issues relating to the recent flooding in Colorado. They discussed how Vermont's Insurance Division handled calls from consumers interacting with FEMA, issues relating to vehicle damage, contacting CEOs of domestic insurance companies and relaxing cross-state licensing required to allow catastrophe adjusters and appraisers (CAT adjusters) to visit the damaged areas and assist in the claims adjustment process. Commissioner Donegan sent Commissioner Salazar a copy of our Bulletin 165 on CAT adjusters and also guided her to the National Association of Insurance Commissioners Northeast Zone working group on severe hurricane and severe weather responses. The NAIC encourages its members to be "good neighbors" and to be available to each other for consultation and advice. This continues the good work of Sue Minter's team that recently returned from Colorado.

The commissioner will be the keynote speaker Friday morning at the Vermont Claims Association Fall Conference in Essex Junction.

Banking Division:

As previously reported to Liz Miller and Jeb Spaulding, Northfield Savings Bank is planning to move its corporate headquarters to Berlin. The proposed new construction will be approximately 20,000 square feet and will function as its operational center; an ATM will be available there but no other branch services. There will be no reduction in the workforce. Most of the employees now working in the Northfield office will move to the new headquarters as soon as it is ready for occupancy. The remaining executives and other staff members will gradually move to Berlin and the current Northfield location will become a branch office. The new location will provide more parking and allow for any possible future expansion. The permit process for construction will begin soon. Other than notification to the Banking Division, there are no other approvals from DFR needed for this transfer. (This move is similar to that of Merchants Bank when it moved its headquarters to South Burlington.) An explanation of the move released by Northfield Savings Bank follows.



BERLIN AND NORTHFIELD FACILITY – Q&A

Northfield Savings Bank has announced plans to construct an Operations Center in Berlin, Vermont, which will house the Bank's administrative and support personnel. The decision to build a facility in Berlin was reached following an extensive study which considered NSB's current Northfield facility and the future needs of the organization. The site for the planned Berlin Operations Center is located at the intersection of Paine Turnpike North and Stewart Road. Neighboring properties include the Central Vermont Chamber of Commerce and the new Vermont State Hospital.

The construction of an Operations Center will not result in any personnel changes or alter the direction of the Bank. Between 55 and 60 employees will be relocated to the Operations Center.

NSB will continue to maintain a significant banking presence in downtown Northfield with plans for branch and site improvements scheduled in 2015.

The following questions and answers are intended to provide additional details about the Bank's decision and the Berlin and Northfield facilities.

Why not renovate the entire Northfield facility?

A needs assessment indicated the total space required to house administrative and support personnel, as well as provide for future growth in one facility was 20,000 square feet. A decision to renovate the entire Northfield facility would result in better space utilization and improved efficiency; however, the building and site are not of sufficient size to accommodate growth. Further, an engineering and architectural analysis of the Northfield facility determined the estimated cost of a comprehensive renovation of the building would exceed the cost of constructing a new facility.

The main Bank building was originally built as two separate buildings in 1883. Numerous expansions and renovations of the building have occurred. Consequently, there are many oddly proportioned areas and level changes. Further, the building's mechanical and electrical systems are inadequate for current operations. Given the Bank's growth over the years, all available workspace (including basement space) is currently utilized and onsite parking for customers and employees is insufficient.

Why not construct the Operations Center in Northfield?

The Board and management considered the possibility of building an Operations Center in Northfield; however, there are several reasons the Bank decided to forego this option:

- The lack of appropriate and cost effective alternatives in the downtown area.
- The Berlin site's proximity to I-89 provides a central location for all employees and enhances the Bank's ability to attract and retain qualified staff. Currently, two-thirds of the Northfield based staff travel to work from outside the Town or Village.

- The Bank's Information Technology (IT) operations are now divided between Northfield and Barre. The planned facility provides the opportunity to centralize all IT operations.

Were other areas in Central Vermont considered for an Operations Center?

Multiple sites from Northfield to Waterbury were considered. Given the particular requirements of a bank operations center, new construction was preferred. Ample onsite parking and proximity to I-89 were other key considerations. The Berlin site best fit the Bank's current and future needs.

What improvements will be made to the existing Northfield facility?

The Northfield facility is rich in history for the Bank and the Northfield community. Renovations will be directed at enhanced customer access and service, improved parking and creation of green space. The interior and mechanical systems of the original building which houses the branch will be renovated and modernized.

NSB is committed to maintaining a strong banking presence in Northfield and customers will see no interruption in service. All customer service staff including branch employees, a mortgage originator and a commercial lender will remain in Northfield.

What banking services will be available at the Berlin Operations Center?

A drive up ATM will be available at the site; however, there will not be a branch bank at the Operations Center.

What will be the size of the Berlin Operations Center?

The facility will be a two story structure of approximately 20,000 square feet. Parking will accommodate 85 vehicles.

What is the timeline for construction in Berlin and Northfield?

The permitting process for the Berlin site will commence shortly and it is anticipated construction will begin in the spring of 2014. Occupancy of the Operations Center is expected to occur in early 2015.

Upon completion of the Operations Center, Northfield renovations will begin in mid 2015.



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**CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM**

TO: Governor Shumlin
FROM: Armando Vilaseca, Secretary
SUBJECT: Agency of Education (AOE)
DATE: October 4, 2013

Secretary Transition: The process for transitioning Rebecca has started and she will be spending some time today meeting with me, John Fischer, Vaughn Altemus, Carol King and others and will walk through and meet staff at both the 120 and 302 locations. I hope that Rebecca will be supported by your office throughout her transition, as she will be coming on board at a very demanding time.

Child Nutrition Programs (CNP): AOE'S CNP was just awarded a Direct Certification Performance Award by USDA for Outstanding Performance by having 95% of our students directly certified for the last school year. Each year we are charged with directly certifying students for free meals through their receipt of SNAP, or 3SquaresVT, benefits which eliminates the need for households to apply for school meal benefits. AOE matches names of children in these households with the names of students enrolled in Vermont schools creating a Direct Certification List which informs schools that these children are automatically eligible for free school meals. This process saves families and school staff time and, more importantly, ensures that students may more easily access meal benefits. Vermont SNAP and the AOE staff have worked diligently over the past few years to reach the direct certification goals set by USDA. Vermont's award was \$201,923.08.

CR's Effect on CNP: Schools and programs will continue to be paid as drawdowns for reimbursement have been authorized. The State is able to use SAE (State Administrative Expenses) carryover funds to cover administrative costs. USDA Foods will continue to be available to schools. TEFAP (The Emergency Food Assistance Program) will have food supplies (which go to the Food Bank for distribution to food shelves) through November. They will not be able to order food for later deliveries until appropriations are made.

Statewide School Safety Coordinator: Commissioner Flynn and I talked again this week about the need for a Statewide School Safety Coordinator/Consultant to be funded in equal parts by the AOE and DPS. It is hoped that we will be allowed to treat this as an addition to our budgets and not take the funds for this position from our current budgets. Our plan would be to hire someone with prior law enforcement experience, preferably a retired state police officer, and have this person work out of space in both locations (AOE and DPS) to coordinate school safety activities around the state. My legal counsel is starting work on the RFP for this position.

School-Wide Integrated Framework for Transformation (SWIFT): On Wednesday administrative teams from Franklin Northwest, Grand Isle, Windham Southeast and Southwest Vermont Supervisory Unions attended and all day meeting with SWIFT staff as well as representatives from several partner organizations and AOE staff. Wayne Sailor, the SWIFT Center Director; Leonard Burello, co-lead for capacity building; Linda Beitz, The AOE liaison and Shana Haines, the LEA liaison led the day's activities. It was an opportunity for everyone

to learn specifics involved in the SWIFT work and the support SWIFT will provide. We also spent time planning the in-state Professional Learning Institute, which we will be co-hosting with New Hampshire DOE staff on December 3rd and 4th.

Teacher of the Year (TOY): The 2014 Vermont TOY finalists are Katy Farber, 6th grade teacher at Rumney Memorial School in Middlesex; Luke Foley, grades 9-12 STAR program teacher at Northfield Middle High School in Northfield; and Valerie Gasco, grades 6-8 special education teacher at Riverside Middle School in Springfield. The semi-finalists underwent an intensive selection process consisting of a professional portfolio review, panel interviews, an oral presentation to the Vermont State Board of Education and a classroom visit. The recipient of this prestigious award will be announced at the October 15th State Board of Education meeting. More info can be found here: <http://goo.gl/YTRlth>.



OFFICE OF THE SECRETARY

Phone: (802) 828-2657

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Executive Privilege

TO: Governor Peter Shumlin

FROM: Secretary Brian R. Searles

DATE: Friday, October 4, 2013

SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Government Shutdown

VTrans predicts minimal disruption by the shutdown due, primarily, to that fact that the vast majority of our federal funding is from the Federal Highway Administration (FHWA), which operates under separate “contract authority” through the transportation authorization bill (MAP 21) which is funded for FFY’14. There is some risk that projects may eventually see a slow down due to other federal agency furloughs (for reviews/permits). The Federal Transit Administration (FTA) and Federal Aviation Administration (FAA) are directly affected by furloughs. VTrans acts as a pass-through for grants from these Agencies. We will continue to fund our Transit Agencies since our SFY2014 spending authority continues, however, the State Treasurer’s Office cash flow management could be affected as VTrans will not be able to bill FTA or FAA for expenditures that we incur. This would affect approximately \$21 million annualized for SFY2014 for FTA, and approximately \$7 million for FAA. In sum, a short-term shutdown will have minimal impact.

Exit 8 Ledge Scaling

The closure of the northbound on-ramp at Exit 8 of I-89 is now in effect and will continue through all or most of October. There is a well-marked detour of 5 miles to Exit 9 in Middlesex on Route 2. The southbound on-ramp and both exit ramps are open, although traffic activity is being managed through construction zones.

There will be 0-2 blasting events per day during the hours of 10:00am to 2:00pm and just before each one there will be a law enforcement controlled “rolling road block” northbound and southbound of a few minutes duration each in order to keep traffic away from the blast zone at the exact time of explosion. We are expecting no problems with this protocol, which will include a direct report from law enforcement to the project manager with each incident. If there are any problems, they will be reported up the chain of command immediately. We anticipate no stoppage of traffic, only a slowing for very short durations and no more than twice during any designated four-hour period.

For further information on the ledge scaling program generally and this project specifically, please see the Notes For Staff.

State Purchase of White River Jct. Rail Station

The purchase of this historic rail station closed yesterday. The General Assembly authorized the acquisition, which is part of the FY-14 Capital Program, from its owner since 1995, the Rio Blanco Corporation (Byron C. Hathorne, Jr.) who had acquired the building and the land surrounding it from its tenants in common, The Central Vermont Railway, Inc. and the Boston and Maine Corporation.

In addition to the ownership and preservation of an important renovated historic operating rail resource, this \$900,000 purchase assures access to another piece of state property to the northeast of the station and provides for expansion for parking and other purposes into the future.

Plane Down in Reservoir

In case someone mentions it, a seaplane was forced to make an emergency landing on the Wrightsville Reservoir last night. Fortunately, there were no injuries or damage to any property including the plane. Recovery operations are happening today.

NOTES FOR STAFF

Exit 8 Ledge Scaling/Ledge Scaling Generally

The rock cuts at Interchange 8 were identified as potentially high-hazard slopes by a hazard rating system applied by our geologists here at VTrans in conjunction with engineers here and at the Federal Highway Administration. The high rating at this location, the history of rockfall occurrences and the observation of very unstable masses of rock on the slopes has led to the project that is underway now.

After consideration of all possible mitigation strategies available, a stabilization project was designed to hand and machine scale loose rock and, where needed, install steel rock dowels on the northbound off-ramp cut. In addition, the slope adjacent to the northbound ramp is being cut back at an angle that eliminates the potential for falling rock.

Foliation in the rock adjacent to the northbound on ramp dips steeply into the slope which results in the development of toppling failures. Moisture enters the spaces between foliation planes causing instability by freeze-thaw action. The result is large sections or slabs of rock falling from the fascia and in a couple of cases, into the traveled portion of the roadway. We have been fortunate that there have been no serious accidents because of this condition.

This the third scaling project on I-89 this year, the first two being in Barre near Exit 7 and Bolton. There are likely to be more of these in the future as these man-made cuts in the ledge age past the 50-year mark. The condition of ledges is generally good but not improving anywhere on the system so this is a problem that will be with us for some time. Further there was a lack of maintenance done over the last 20 years or so due to the political unpopularity of

what was known in those days as “ledge removal”. I was present for some of this and it grew from a series of proposed projects that were very different than the ones we’re doing now.

There had been some traffic deaths resulting from cars colliding with rock formations in medians on the interstate system, including the high-speed suicide of a teenager in Bolton, and an effort was proposed under Sec. Garahan to remove some of those formations so that vehicles would not collide with the rock. Our projects are designed to prevent the rocks from colliding with vehicles and therefore are completely different in approach and result.

MTQ-VTrans Steering Committee to Meet

I will host this meeting, which has been postponed three times since the election in Quebec, on October 16 at the Vermont State Police barracks in St. Albans. We have been notified by the MTQ that due to travel time and budget constraints, they are opting to bring a much smaller contingent than usual to the meeting, consisting of five people and does not include the new Minister of the MTQ.

The meeting will be brief, four hours inclusive of lunch, and will involve short presentations on the A-35 project, highway safety, trucks/freight and cross-border issues and rail. We are paring back our normal group as well so as not to overwhelm our guests, but are hoping to impress on the new government the importance of our mutual interests and set up a more in-depth discussion for 2014.

Vermont Highway Safety Alliance

Our inter-agency work continues on several fronts, including, this week, on Highway Safety. Deputy Secretary Minter joined Commissioners Ide, Flynn and Chen, as well as Secretary Vilaseca at the first Annual Meeting of the **Vermont Highway Safety Alliance (VHSA)**. This meeting was attended by nearly 80 public and private sector highway safety partners including: law enforcement, insurance companies, truck companies, AARP, AAA, driver educators, regional planning commissions, multiple state agencies and others. The VHSA is dedicated to reducing all highway crashes on public highways in Vermont with a specific goal of reducing all serious injury and fatal crashes by ten percent over the next three years, focusing on three priorities: Occupant Protection, Driving Under the Influence, and Driver Inattention. VHSA is also engaged in additional strategies and actions in all corners of the state as they work to become a well known and effective resource for highway safety initiatives.

VTrans IRENE RECOVERY REPORT

Highway Safety & Design

Irene Corridors

- **Andover-Chester STP 016-1(30)** - On hold pending consultant authorization.
- **Rutland-Killington NH 020-2(36)** - Additional sites added to corridor project, on hold pending consultant authorization.
- **Bridgewater-Woodstock NH 020-2(38)** - On hold pending consultant authorization.
- **Randolph-Roxbury STP 0187(11)** - Preliminary plans received, currently in HS&D review. Submitted for Environmental permitting.

- **Roxbury-Northfield STP 0187(13)** - On hold pending consultant authorization.
- **Killington-Stockbridge STP 022-1(25)** - Consultant incorporating preliminary plan comments. Utilities completing relocation review. Submitted for Environmental permitting.
- **Marlboro-Brattleboro STP 013-3(9)** - Preliminary plans due 12/13/13.
- **Plymouth-Bridgewater STP 013-3(9)** - Additional sites added to corridor project. Developing preliminary plans.
- **Goshen-Rochester STP 0162(21)** - Preliminary plans due 12/20/13.
- **Stockbridge-Rochester STP 013-4(41)** - Additional sites added to corridor project. Developing preliminary plans.

Irene Sites

- **Woodford NH 010-1(47)** - Revising conceptual memo to include latest hydraulic information. Site visit with ANR 10/17/13.
- **Searsburg NH 010-1(48)** - Developing final ROW plans. Updated Environmental submission paperwork. Pre-Final plan comments received from HS&D. Following final ROW plans, Final plan submission to take place.
- **Sharon STP 014-7(20)** - Property owner meetings being scheduled.
- **Hancock STP 017-4(18)** - Hydraulic recommendation received for existing box. Determining eligibility with FHWA.
- **Ripton STP 017-4(19)** - Received existing utility information. Preliminary plans due 10/15/13.
- **Granville STP 013-4(40)** - Preliminary plans due 10/11/13.
- **Moretown STP 0167(15)** - Existing utility information received. Permit submission forms sent to Environmental.
- **Braintree STP 0187(12)** - Final ROW plans in development .
- **Woodstock STP 0241(40)** - Preliminary plan comments from HS&D received, consultant making revisions.
- **Mendon ER 020-2(39)** - Materials and research to provide geotechnical recommendations next week. Extending survey to incorporate maintenance access road.
- **Plymouth STP 013-3(10)** - Held meeting with multiple entities to review easement grants, design alternatives and legal ramifications associated with project.

Motor Vehicle Crash Facts: 2013 Fatal/Fatality data received to-date

Fatal Crashes September 24 – September 30, 2013:

- 9/25/13 – Hancock, VT 125. Single vehicle crash, cement truck rollover, single fatality. No seatbelt worn, occupants ejected, passenger fatality.
- 9/25/13 – Fairfax, Huntsville Rd. Single vehicle crash, farm tractor. Pedestrian fatality.
- 9/26/13 – Newfane, Depot Rd. Single vehicle crash, passenger car. Driver fatality, unknown seatbelt use due to fire.
- 9/29/13 – Moretown, River Rd. Single vehicle crash, passenger car. Driver fatality, no seatbelt used.
- 9/29/13 – Lowell, North Rd. Single ATV crash. Driver fatality, no helmet used.

--2013 Fatalities: **52 Total** - **36** vehicle operators (1 snowmobile, 6 motorcycle, 3 ATV), **13** passengers (1 motorcycle & 1 ATV), and **3** pedestrians.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: October 4, 2013

Vermont Department of Health (VDH)

Federal Shutdown:

- WIC has money for food through October and personnel costs for two weeks. At that point we will need to make a decision to cover personnel costs for the rest of the month.
- The United States Environmental Protection Agency (EPA) continues to work in the Rutland area despite the federal shutdown

Learning Collaborative on High Risk Drinking:

Commissioner Chen and Deputy Commissioner Cimaglio will meet with Dartmouth leadership on October 4th to learn about the results of Dartmouth's Learning Collaborative on High Risk Drinking. The Dartmouth Collaborative was founded in 2011 by former President Jim Yong Kim to reduce the amount of binge drinking and the harm it causes on college campuses.

Obesity Prevention Campaign – Make Your Moment Now:

The VDH will begin airing testimonial ads next week in an effort to raise awareness about obesity. Unscripted Vermonters from around the state are captured talking about “their moment” when they realized they needed to make a change. The ads direct Vermonters to a web-site to learn more about the people in the ads, and to talk about their own “moment”.

Marijuana Review Board Issues Five Decisions:

On October 2nd, Marijuana Review Board (MRB) members signed off on five case decisions that had been decided at a September meeting of the Board. The MRB hears appeals of denials of applications to the Department of Public Safety for status as a medical marijuana patient. In each of the five cases, the denial was upheld. The decisions were mailed to the applicants/appellants on October 3rd.

Department of Mental Health (DMH)

New Vermont Psychiatric Care Hospital (VPCH) – Berlin:

Deputy Commissioner Reed spoke with WCAX's Alexi Rubinstein regarding construction progress and ongoing Level I bed demands. WCAX is planning a series, to be aired in upcoming weeks, on the Vermont State Hospital (VSH) closure and developments in the state's mental health system of care.

Fletcher Allen Health Care (FAHC):

Commissioner Dupre, Deputy Commissioner Reed, and Finance Director Heidi Hall met with Dr. Pierattini and Meg O'Donnell from FAHC on the hospital's response to the RFP for Psychiatry services. Preliminary contract negotiations are underway. A meeting with FAHC IT

representatives to discuss its electronic health record and possible collaboration opportunities at the new Berlin Hospital is scheduled for October 4th.

Brattleboro Retreat (Retreat):

Brattleboro Retreat received notification from the Centers for Medicare and Medicaid Services (CMS) that its potential decertification is now extended again until November 15th. This may be attributed to the federal government shutdown for non-essential services. Prior to shutdown, CMS surveyors were on site for routine follow-up of a number of complaints. Although the visit was cut short due to the government shut down, the Retreat reported no findings for incidents that had been reviewed. The Retreat reported that one of the incidents reviewed during the short visit was the death of an individual in one of the Retreat's outpatient programs last month.

Department of Disabilities, Aging and Independent Living (DAIL)

I did not receive a report from Commissioner Wehry this week.

Department of Corrections (DOC)

Commissioner Pallito on the Vermont Conversation:

Commissioner Pallito appeared on the Vermont Conversation on WDEV on October 2nd. The conversation was a general update on current corrections issues.

Corrections receives \$810,000 in Federal Grant Money:

The DOC has received \$810,000 in grant funding from the Second Chance Act program. This money will be used to reintegrate more than 200 offenders back into the community, expand statewide planning and reduce recidivism. Funding from this grant will provide the resources and supervision necessary to assist offenders in becoming self-sufficient, contributing members of the community. Senators Leahy and Sanders and Representative Welch were instrumental in this process.

Community Outreach Grants

In SFY 2013, the DOC granted three community outreach grants for Barre, Burlington and Rutland. The funds were from carryover from 2012. Barre and Burlington have requested funding again in 2014 and we have put these funds aside in our approved carry forward memo. We have communicated to both Barre and Burlington that this will be the last year of funding for these projects and that they should begin looking for new funds for SFY 2015.

Salvation Farms (SF):

Three years ago, the DOC, with support from the Fifth Floor, entered into a contract with SF to provide for gleaning and light processing of surplus farm foods. This program was very successful last year and resulted in tens of thousands of pounds of food donated to the food shelf. SF has expressed an interest in expanding this operation to include the design and build of a cold storage unit in Windsor. SF knows that the State does not have the necessary estimated \$140,000 needed to move forward with a building and is trying to fund raise for this effort. At this point, both the Department of Buildings and General Services and DOC are working with SF to provide for guidance, etc., on this project. We understand that the director of SF is calling other Administration officials seeking guidance. SF should be steered back to the point of

contact with the DOC until the full scope of this project is fleshed out. To date, SF has raised \$15,000 towards the initial design/build of the project.

Population

The department's incarcerated population averaged 2,136 for the previous week; the average presentenced population was 438. The incarcerated male population averaged 1,970 while the incarcerated female population averaged 166.

Department for Children and Families (DCF)

Weatherization Funding Housing Developers Directly:

The Office of Economic Opportunity (OEO) contracts with five Weatherization Assistance Programs to weatherize low-income, single-family homes and multi-family units.

Approximately 30 percent of the work done through OEO is for multi-family units with the remaining 70 percent going to single family homes. The Vermont Housing and Conservation Board (VHCB) has repeatedly asked that OEO provide a portion of these multi-unit funds directly to housing developers so they can hire private contractors to do work that will, in part, go beyond the cost effective threshold of weatherization by doing building enhancements and deeper energy retrofits. OEO does not do these enhancements on single family homes because the goal is to save as much money as possible for the low income client by reducing fuel usage and thereby limiting carbon emissions.

OEO has recently made a number of changes which will continue to support VHCB and public housing developers including raising the job cost average to \$8,500, decreasing the savings to investment ratio, and developing a method to streamline building eligibility. In addition, OEO has recently developed single and multi-family technical manuals that will continue to ensure quality, uniformity and consistency across the state.

OEO monitors and evaluates the Weatherization Assistance Programs for cost effectiveness and quality. Providing funding directly to VHCB and housing developers for private contractors will result in little to no oversight of public funds, undermine the cost effectiveness of the weatherization program, diminish quality and be contrary to the mission of the OEO Weatherization Program.

Department of Vermont Health Access (DVHA)

Global Commitment (GC):

AHS received news on Thursday that the GC waiver was renewed for three years and it included federal participation in the state-based premium assistance that we had requested.

Freedom of Information Act (FOIA) Requests:

The DVHA received two FOIA requests from Randy Brock regarding the CGI contracts and liquidated damages associated with the contract between the State of Vermont and CGI as well as a copy of all invoices and payments made to CGI. He is also looking for presentations that CGI did for the state and a letter from Blue Cross Blue Shield to Commissioner Larson. Staff will be reviewing the documents on Friday with our AAG to determine what will be provided to Mr. Brock.

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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: October 4, 2013

Secretary's Top Issues

Federal Shutdown Effects

- **Chlorpyrifos Bed Bugs** - All Federal EPA and ATSDR Staff and Contractors including the lab responding to the Chlorpyrifos contamination in Rutland have been deemed essential because the incident has been declared an "emergency" and considered of "national significance". Excellent news!
- **Export endorsement services** – endorsement services for international health certificates will not be available through the Montpelier office. Limited services will be available through the Sutton, MA office, schedule of those services unknown at this time. Practicing veterinarians, please keep this in mind if you receive requests from clients for assistance with shipping animals internationally.
- **Animal Disease Emergencies** - USDA-APHIS will still be able to respond to animal disease emergencies during the shutdown, including Foreign Animal Disease investigations.
- **Meat Inspection** - The federal USDA-FSIS employees are exempt from this shutdown, which means there will be no interruption in the operations of state and federally inspected slaughter facilities in Vermont during this period. Payments for employees and state assistance will be delayed.
- **Offices closed** - The USDA offices (FSA, NRCS and Rural Development) will be closed during the shutdown.
- **Shell Egg Surveillance** - Henry Marckres, Chief of the Consumer Protection Section, was notified by USDA to stop all shell egg surveillance activities during the Federal shutdown. We have none planned in the near future anyway.
- **Country of Origin Labeling** – services delayed during government shutdown. No inspections by Agency of ag are needed in the short-term.
- **Beef Sale in VT** - The annual Beef Producers Sale is Saturday October 5th and will have to be a state graded sale versus a USDA graded sale due to the government shut down preventing the USDA grader from attending.
- **USDA APHIS Plant Protection and Quarantine (PPQ)** is shut down due to the cessation of operations. Ongoing cooperative activities with the PPQ in Berlin are suspended for the shutdown (including co-op ag pest survey (CAPS) programs, Emerald ash borer surveys, Domestic plant pest quarantine enforcement efforts (including Christmas tree inspections), lumber and firewood certification programs, plant pest movement permitting and applications, genetically modified organisms permitting and deregulation, and Federal/VT cooperative outreach and education efforts).
- **Eartags** - The USDA eartag warehouse is closed during the shutdown. Currently VAAFM is out of livestock dealer eartags, and these licensees will not be able to acquire the official ID they need to remain in accordance with the ADT rule when shipping livestock interstate.

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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: October 4, 2013

Status of Governor's Priorities:

Jobs in Agriculture

Press

Significant Events/Meetings:

VT Fine Wood Furniture - Deputy Secretary LaClair attended the Vermont Fine Wood Furniture show in Woodstock last weekend. Sponsored by the VT Wood Manufacturers Association, many Vermont Wood Products manufacturers featured top quality furniture and other wood products. Strong Tourist attraction; also included Educational Display highlighting the forest economy supply chain. Three exhibitors - VT Wood Studios in Vernon, VT Woodworking School in Fairfax, and the Guild of Vermont Furniture Makers - are recent recipients of Working Lands Enterprise Grants.

HIDE - Deputy Secretary LaClair served on a panel after the premier of Hide, the Migrant Farm Workers Film, at VTC - an event attended by VTC students, regional farmers and community members. Robust conversation focused on film's message, need for more positive presentation of the Farmer employing migrant farm workers, the migrant farm worker identification/license passed by the 2013 legislature and signed into law by Governor Shumlin in June, and the critical need for Immigration Reform. Former Sec Roger Allbee and Labor Commissioner Annie Noonan joined in the panel discussion.

Evolving Issues:

Meat Inspection Compliance

- Inspector discovered Cavendish Game birds shipping uninspected amenable products to Black River Produce. Product is reportedly being shipped across state lines and intrastate. USDA Compliance was notified of the transport in interstate commerce, and our compliance officer is beginning the investigation within the state.

Poultry Disease

- Animal Health inspectors completed a number of sick bird calls this week. During these visits they collect samples to rule out avian influenza, Pullorum, and possibly Mycoplasma (that is decided on a case by case basis). If a foreign animal disease is suspected, the inspectors contact the state veterinarians for further action. The AH Section is also able to provide the poultry producers with contact information for Vermont veterinarians who work on poultry.

Summary of Key Agency Department Activity:

Administration

The Agency partnered with ACCD to hold a stakeholders meeting to discuss Rural Agricultural Enterprises. 22 people came to the meeting and the discussion was robust regarding Agriculture and ACT 250 as well as local zoning.

Agricultural Development

Vermont Agricultural & Forest Products Development Board (VAFPDB)

- The VAFPDB met on Wednesday, October 2, 2013 to discuss their Plan of Work for FY14. John Mandeville was welcomed to the Board as a new member filling the seat of “A person with expertise in rural economic development issues.” John is the Executive Director of the Lamoille Economic Development Corporation (LEDC) and is leading a strong effort on supporting and developing working lands businesses in the region and state. Efforts include a marketing consulting for farm and agriculture-related businesses, on-line farmers’ market – YourFarmStand.com, underwriting Vermont Land Link, agricultural promotion and tourism, and underwriting UVM’s Tractor Safety – Roll Bar Protection Program.
- Some of the issues that the Board anticipates looking at in the upcoming year include; the Food Safety & Modernization Act, Compost Sales & Use Tax and Act 148, policy around procurement of Vermont products (wood, wood products, agricultural products) in State building and institutions, Energy – net-metering and how to get three phase power into rural areas, and a public awareness campaign around the supply chain of Vermont’s forestry and forest products industry (i.e. tree to table).
- Board members shared updates from their perspective businesses. Andy Kehler with the Cellars of Jasper Hill reported that they were audited by the U.S. Department of Labor this summer which resulted in \$20,000 in back pay to interns. As a result Jasper Hill will no longer be able to offer an internship program.

Milk Powder to China - Bo Thorn contacted the Agency regarding the purchase of 60,000 tons of dried milk powder to export to China. Hoping to have this powder be sourced in VT. To achieve this amount of powder ½ of yearly milk production 1.25 million pounds of milk would need to be dried. Mr. Thorn would even like a small portion of this powder to be sourced from VT. St. Albans Cooperative is the only facility in VT capable of producing dried milk powder and Mr. Thorn has been put in contact with Leon Berthiaume. St. Albans Cooperative is under construction of a new drying facility and will not be able to provide this product.

Food Safety and Animal Health and Consumer Protection

Consumer Protection

- **Community Outreach** - Henry Marckres, Consumer Protection Chief, served as a judge at the Best Bagger competition held at Champlain Valley Exposition during the Retail Grocers convention on the 27th. Other judges were: Al Burns of the Vermont Department of Health and Representative Jean O’Sullivan of Chittenden County.
- **IMSI Maple Grading School** - Henry Marckres, Chief, Consumer Protection is teaching at the IMSI Maple Grading School in Fairfield, Vt. On October 4 & 5. Kathy Hopkins of the University of Maine is the other instructor.

Animal Health Updates –

- AH completed inspection of several premises in Poultney with the town’s manager/health officer. The town is seeing an increase in residents keeping backyard poultry. As such, residents living in proximity to keepers of poultry have concerns regarding noise and allowing poultry to free range on neighbor’s properties. The inspection found no areas of concern regarding animal health. Manager was given contact information on possible water quality problems regarding a resident living next to a river with swine.

- Dr. Mehlenbacher attended a number of FSMA meetings this week including a meeting with the VT Congressional Delegation to bring them up to speed on recent activities and the NASDA resolution asking for a 2nd draft rule along with potential next steps for the delegation.
- Animal Health Program Coordinator, Darryl Kuehne attended to Vermont Sheep and Wool festival for compliance with state and federal scrapie rules and state import rules. Utilized the Section RFID scanner to read microchips implanted in goats; this is a form of official identification. The Section will likely need more such scanners as microchips and RFID tags increase in use.
- Animal Health Program Coordinator, Darryl Kuehne, attended the Addison County Commission Sales for ADT compliance and Marketing report.
- AH inspectors completed dairy surveys in Franklin county
- AH inspectors completed an annual inspection of a livestock dealer
- The USDA eartag warehouse is closed during the shutdown. Currently VAAFM is out of livestock dealer eartags, and these licensees will not be able to acquire the official ID they need to remain in accordance with the ADT rule when shipping livestock interstate.

Meat Inspection

- Our inspector in training gave his notice to quit due to personal issues
- Received a call from VDH infectious disease that the Campylobacter outbreak from last year involving a Vermont poultry establishment will be written up in MMR weekly in November.
- VT Goat collaborative has completed construction of their custom slaughterhouse and is open for business giving the public the opportunity to buy a live animal at the farm and have a sanitary facility with washable floors, walls and ceilings, hot and cold running water etc. By having the licensed facility, there can be multiple owners of individual animals. The project is geared to the New American Muslim population whose culture has them slaughter their own animal using accepted Halal slaughter methods but is available to all who chose to use the facility.
- Program chief will be visiting a farm in Hinesburg next week to review an on-farm slaughter facility for poultry and to discuss the possibilities of obtaining state inspection and expanding their marketplace.
- The Adams' farm in Wilmington is nearing completion and are hoping to start their slaughter and processing operation by the end of October.

Agricultural Resource Management

Chlorpyrifos Bed Bugs - All Federal EPA and ATSDR Staff and Contractors including the lab responding to the Chlorpyrifos contamination in Rutland have been deemed essential because the incident has been declared an "emergency" and considered of "national significance". We will be continuing to work with EPA and have plans to begin the clean out of the highly contaminated homes this Thursday. Agency of Agriculture field staff has been exclusively focused on the sampling of homes in Rutland for almost 15 weeks. The Agency Laboratory has also been so overwhelmed by the number of samples that all other pesticide work has been delayed.

Plant Industry Section

- USDA APHIS Plant Protection and Quarantine (PPQ) is shut down due to the cessation of operations. Thus, the ongoing cooperative activities with the PPQ office in Berlin are suspended for the duration of the shutdown (including cooperative agricultural pest survey (CAPS) programs, Emerald ash borer surveys, Domestic plant pest quarantine enforcement efforts (including Christmas tree inspections), lumber and firewood certification programs, plant pest movement permitting and applications, genetically modified organisms permitting and deregulation, and Federal/Vermont cooperative outreach and education efforts). Limited international plant export permitting services remain available, but support in this program is curtailed.
- Arbovirus results from October 3 indicate presumptive EEE and WNV results from the Whiting swamp sites. Again, the species testing positive is *C. melanura*. Hopefully, cooler temperatures will soon reduce the adult mosquito populations.

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

- Staff conducted two joint follow-up inspections of MFOs in Addison County with the ANR-DEC CAFO program. Both farms visited are under current enforcement through VAAFM for MFO General Permit violations. Both farms are currently working with the VAAFM engineering staff to implement BMPs to address water quality concerns.
- Staff are working with colleagues in house and with partners to design and implement water quality BMP projects on MFOs and LFOs.
- Staff visited one MFO to follow-up on BMPs the farm installed to improve water quality and advert future MFO permit concerns as the farm continues to expand and improve their operation.
- Staff met with Stone Environmental to evaluate and discuss a silage leachate system that Stone installed on a MFO. Stone Env has designed a treatment system for silage leachate runoff and this was a visit was conducted to gather information on the system, evaluate how it was functioning and to discuss potential improvements to their design.
- Staff wrapped up work with the Attorney General's office regarding the Nelson Farms. Staff conducted two final site visits at the Nelson Farms in Derby as part of this effort to verify whether or not corrective measures were installed. The AGs office sent the complaint, motion for preliminary injunction, staff affidavit and the summonses to the court for filing and as well as to the Orleans County Sherriff for service upon Richard Nelson and Nelson Farms earlier this week.
- Staff are processing applications and information for several MFOs that are increasing in size and we are working to transition the farms into the LFO program.
- To assist in the workload demands brought on by the current pesticide investigation, MFO/LFO staff are continuing to respond to all AAP complaints on small farms until further notice.

Conservation Reserve Enhancement Program (CREP):

- Assisted FSA staff in three Franklin co CREP contract signings which involves, in the words of one farmer, "more paperwork than buying a house!"
- Performed field check on Franklin and Chittenden county CREP sites for invasive plant and completed map and inventory sheet for each.
- Met with farmer's contractor to get quote on 3 CREP and one EQIP stream crossing.
- Prepared for upcoming CREP visits with NRCS/landowners in Orleans, Washington and Lamoille counties.
- Had pre-construction meeting with contractor and farmer in preparation for removal of failed bridge and installation of new bridge via EQIP.
- Flagged out "check strips" (equal amounts of conventional vs. no-till planted corn silage) to prepare for yield assessments/comparisons as part of the farm's participation in the BMP Challenge program.

Bed Bugs -Sampling and analysis continue relative to the Rutland pesticide misuse case. EPA has begun cleanup of the most contaminated homes this week as a well. Outreach to remaining potentially effected residents (those from 2009-2011) will continue next week. Sampling demands on the laboratory remain high at this time though the Health lab has taken some of the load.

Mosquito Pool Testing - Mosquito pool presumptive positives for EEE and West Nile Virus have been confirmed again in Whiting. Mosquito populations are down and hopefully will end with cooler weather.

ACT 148 - Conversations continue regarding food wastes and on farm digesters. The model is being developed to offer one possibility in managing organics in the future when they are no longer allowed in landfills. Numerous issues will need to be addressed including pathogens, bedding quality and regulatory authority etc.

Great Goalie- University of Vermont Men's Soccer is off to a 6-1-3 start this season as conference play is set to begin Saturday against Binghamton. The Cats fought to a double overtime 1-1 tie on Tuesday against Dartmouth behind the 7 save effort of Conor Leland. Leland is currently ranked 11th among goalkeepers nationally in goals against average. Saturday's game also celebrates the 50th anniversary of Vermont Soccer.

Secretary's Comments

PRESS:

Biofuels Nordic Farm, Charlotte: attended press event with biofuel innovator who is partnering with Nordic Farms/Clark Hinsdale to do research, pilot and scale up algae as a fuel creation model, funded by USDA RD. Spoke in supportive terms with TV and written press in the room.

MEETINGS:

- **Sodexo, Kevin Ellis, Montpelier:** follow up conversation with Ellis to continue to advance emerging collaboration with Sodexo
- **Cook Family, Montpelier:** met with family who lost a son to lightning while working on farm. Reviewed how to incorporate lightning awareness into farm safety training.
- **SRC Conference call:** SRC is multi-state collaborative effort to track and advance dairy related issues at national and regional level, participated in call to strategize on Farm Bill and dairy pricing policies
- **Energy Action Network (EAN), Ferrisburg:** participated in Annual meeting including recognizing Anne and Arthur Berndt as founding funders of EAN.
- **Climate Cabinet, Montpelier:** participated in meeting with other Cabinet members.
- **Rural Enterprise Discussion; Williston:** attended public forum on Rural Enterprise led by Noel McKay of ACCD. Rural Enterprises are potential extension of AAPs to allow for rural/farm based business to expand without full permitting review akin to AAPs
- **FSMA, Congressional Delegation, Montpelier:** Agency staff met with Congressional delegation to discuss strategies and issues relating to advancing VT's positions, especially the desire to have a second draft with opportunities for public comment.
- **Water Quality Funding, Governor's office:** meeting with ANR officials to discuss need for action and how to fund.
- **VT Sustainable Job Fund:** will attend Board meeting Friday afternoon.

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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: October 4, 2013

Subject: ANR Weekly Report

Governor Level Issues:

Hermitage/Haystack: Program staff reviewed the site of a proposed private airport expansion project in Dover (Hermitage/Haystack). There are many high quality Class II wetlands that would be impacted by the proposal. They include vernal pools and red maple/hemlock swamps, and marshes. Filling in these wetlands would likely result in undue adverse impacts to wetland functions and values, and the wetlands cannot be replaced through mitigation.

E-Waste: The contract with Casella Waste Systems for the third program year of the State Standard Plan was finalized, and will be effective starting Oct 1. The contract covers the collection, transportation, and recycling of electronic waste and will be managed similarly as previous program years. Former contractor Good Point recycling submitted a manufacturers' opt-out plan but it was denied because it simply didn't meet the requirements laid out in the legislation. They challenged this decision in Superior Court and the court issued a TRO requiring us to keep their old contract operational. This does not make sense on many levels (first of all, the Environmental Court should have jurisdiction). The attorney general's office has been working on this and will likely ask for a reconsideration.

EVERYTHING ELSE:

Legislative Issues/Testimony:

Shorelands Commission: We had the final public hearing of the shorelands commission in Burlington. It was sparsely attended, but well covered by the press. It looks like the Senate will be ready to act on the bill early on in the session.

North East Materials Group: North East Materials Group is a hot mix asphalt plant in Graniteville. Staff have received air quality/odor complaints about the facility for the last couple months. Complaints have been routinely investigated and staff have smelled odors on one occasion. Complainants have also reached out to Act 250, requesting enforcement of the Act 250 Permit regarding odors and the potential use of materials not covered by the permit. A pollution log was submitted with this request, and Representatives McFaun and Koch, Senators Pollina, Doyle and Cummings, Jay Perkins- Chair of the local selectboard, and Chris Ahlers and Doug Ruley of Vermont Law School (VLS represents complainants) were copied on the request. Staff continue to monitor the site and investigate complaints and are coordinating with Act 250.

Press Issues/Releases:

Tree Stand Safety Tips for Hunters: F&W issued a press release with a number of tips for hunters to get the most out of their tree stand hunting experience including the proper purchase, placement and use of tree stands.

Big Game Reporting Stations Designated for 2013: Hunters who take a bear, deer or turkey during the Vermont hunting seasons must bring the animal within 48 hours to the nearest game warden or to the nearest reporting station. The press release included a list of wardens and reporting stations for 2013 which also appears on F&W's website: www.vtfishandwildlife.com.

Muzzleloader Antlerless Deer Permit Winners Announced: The winners of Vermont's muzzleloader season antlerless deer permits are listed on the Vermont Fish & Wildlife Department's website: www.vtfishandwildlife.com. The Fish and Wildlife Board approved the number of December muzzleloader permits at 14,400 for 20 of the state's 24 Wildlife Management Units. The taking of antlerless deer with archery equipment is permitted in all WMUs except WMU-E. However, youth hunters are allowed to harvest any deer, regardless of WMU, during the youth deer hunting weekend on November 9 and 10.

Fish & Wildlife Seeks Bear Teeth from Hunters: The department is reminding successful bear hunters to submit a bear tooth so that wildlife managers can collect information on Vermont's bear population. Teeth submitted by hunters are used to determine the age of the bear. Department staff use age and sex data to get an estimate of the number of bears in the state and to determine the status and health of the bear population. Envelopes for submitting the tooth are available at big game check stations.

New Hunting Rules in Effect: F&W points out that three new hunting rules passed by legislature are now in effect. A person shall not take or attempt to take any wild animal by shooting a firearm, a bow and arrow or a crossbow while on or within 25 feet of the traveled portion of a public road. It is also illegal to shoot a firearm, a bow and arrow or a crossbow across the traveled portion of a public road. It is now legal to carry a pistol or revolver while bow hunting deer in the bow and arrow deer season. The pistol or revolver MAY NOT be used to dispatch deer. It is still illegal to carry a rifle, shotgun or muzzleloader while bow hunting deer in the bow and arrow deer season.

“Apples to Apples” on Vermont Edition: VPR did a segment on apple season in Vermont which featured State Lands Forester David Wilcox talking about this year’s wild apple crop. <http://digital.vpr.net/post/apples-apples>

Significant Events/Meetings:

Carbon Standards for New Power Plants: Following President Obama’s Climate Action Plan, EPA proposed performance standards for carbon emissions from new power plants for the first time. New coal-fired units would need to meet a limit of 1,100 lbs CO₂/MWh, or meet a slightly tighter limit if emissions are averaged over seven years. New large natural gas-fired turbines would need to meet a limit of 1,000 lbs CO₂/MWh, while new small natural gas-fired turbines would need to meet a limit of 1,100 lbs CO₂/MWh.

Carbon Standards for Existing Power Plants: We are in a dialogue with EPA on regulating carbon emissions from existing power plants. EPA is leaning towards a “system-based” (as opposed to a source-based) approach, allowing for the consideration of a broader portfolio of emission-reduction measures (e.g., energy efficiency measures, renewable portfolio standards, emissions budget trading programs, etc.). One of our main objectives in this dialogue is for EPA to survey existing state actions aimed at reducing carbon emissions from the electric power system, so that EPA’s system compliments Vermont’s. EPA must issue proposed carbon pollution standards and guidelines for existing power plants by June 1, 2014, and final standards and guidelines by June 1, 2015. In turn, states will be required to submit implementation plans by June 1, 2016.

Technical Assistance to Colorado Department of Public Health and Environment: A conference call was coordinated between representatives of Vermont’s Watershed, Drinking Water & Groundwater, and Waste Management & Prevention Divisions, and Colorado Department of Public Health and Environment officials. The goal of the call was to discuss Vermont’s “lessons learned” during immediate post-Irene recovery to assist the Colorado staff in their flood response. Colorado has mounted a large scale, multi-program sampling and recon deployment this week, and thus the call was timely.

Update of Stormwater Manual: The Stormwater Program held the first of a series of planned stakeholder meetings on Sept 26 in Montpelier to update the 2002 Vermont Stormwater Management Manual. The meeting was well attended by representatives from the design,

municipal, environmental, and various other NGOs. Monthly meetings are planned through Feb 2014, after which the program plans to complete revisions to the Manual and adopt via rulemaking.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

Moretown Landfill: Recent testing of landfill gas at Moretown Landfill indicates that H₂S levels may be significantly higher than previously estimated due in part to C&D waste post-Hurricane Irene and sludge wastes. In high concentrations H₂S can be deadly. Gas volumes have also increased as a result of improved efforts to capture and control gas and diminish odor. When you burn H₂S it will oxidize to SO₂, a regulated pollutant under the National Ambient Air Standard. We have an application from Moretown Landfill to partially address the potential SO₂ emission increases and we are working with the landfill to confirm the emission levels and address the issue which may entail installation of an H₂S removal system prior to combustion where it is converted to SO₂.

VT Gas Addison: Last week, ANR entered into an MOU with VT Gas, resolving our issues with the original application. With regard to greenhouse gas emissions, VT Gas agreed to annually report the amount of gas purchased at each market point, all unaccounted for gas, and emissions from their system (required by EPA and the US Department of Transportation – Pipeline and Hazardous Materials Safety Admin.). VT Gas also agreed to monitor reporting requirements for the gas industry (specifically their suppliers) and provide those data to us as they become available.

UIC Rule Revision: An internal draft of the Underground Injection Control Rule has been completed and circulated to DEC leadership. The rule was last revised in 1982, and this new draft is a major step forward in protecting ground and drinking water. After internal comments are addressed stakeholders like the quarrying and mining industry, ski resorts, and environmental organizations will be re-engaged before staff finalize the rule.

Lean: Staff heard presentations from the two Lean consulting firm finalists. The consultant hired will provide training and assist with the pilot project. We will select a firm next week. Interviews continue for the Project Manager position, and will start for the Business Analyst Position in the near-term.

PCBs in Schools Project: Sampling results from the August sampling of the Barre Town Elementary and Middle School have arrived. 23 samples of indoor air were analyzed for PCBs; three detections were found. The detections were all above the VDH recommended levels. We are working with VDH to develop a summary and recommendations for the school. None of the samples were from classroom areas where students would be present for long periods each

school-day. Sampling at a second school (Holland Elementary) is scheduled for Oct 17. An initial site meeting is scheduled at a third school (Champlain Elementary Burlington) for Oct 7.

Meeting with USGS: Several Watershed Management staff met with USGS regional water program director Keith Robinson and his staff to discuss opportunities for coordination on mutual science needs that could be supported by USGS. In addition, staff discussed long-term funding options for stream gauges. We will continue to work together to secure those resources.

EPA Surveying Lake Memphremagog: Watershed Management staff assisted USEPA in conducting a week-long bathymetric survey of Lake Memphremagog in support of TMDL development. EPA's work was coordinated with Quebec and Canadian resource agencies to create a comprehensive survey of use to all potential users.

South Village Communities/SD Ireland: Wetlands and Stormwater staff met with the Compliance and Enforcement Division to discuss ongoing compliance issues on the South Village property in South Burlington. The CUD for this 300+ unit project expired in spring 2012 and staff have been trying to get the owner to permit the project since then. Meanwhile, Wetland, Stormwater and Act 250 violations have occurred and are ongoing. A NOAV was issued by Enforcement in July 2013. Another NOAV will be issued imminently for unauthorized mowing of approximately 2 acres of Class II wetland buffer zone since issuance of the previous NOAV. Staff met with SD Ireland reps this week to discuss outstanding issues with the recently submitted permit application.

Fish and Wildlife

Deer: Wardens are receiving and responding to many complaints regarding illegal deer hunting activities. Much of their time is spent responding to complaints of illegally baited deer hunting stands. They are also investigating an increasing number of night time poaching complaints and associated dead deer.

Youth Waterfowl Hunting: Youth waterfowl hunting season occurred last weekend. Wardens with substantial marsh areas in their patrol areas reported fairly heavy participation with limited success. Unfortunately, wardens did encounter several violations during this hunt. The main issue among the violators was unknowing or careless mentors who allowed youths with unplugged shotguns.

Moose: Wardens are reporting a substantial rise in moose killed by motor vehicles. This is an indication the breeding season is in full swing which translates to increased moose movement. Six moose were killed by motor vehicles last week. One moose was killed by a landowner damaging maple sugar lines. Another sick moose was euthanized in Lemington with suspected brain worm.

Trout Recovery Monitoring: Staff sampled two sites on the Roaring Branch, a major tributary to the Batten Kill, and spawning/nursery habitat for adult trout residing in the Kill main stem.

Both sites are located adjacent to Kelley Stand Road which experienced significant damage during TS Irene. The sites are being sampled annually to monitor trout population recovery following significant habitat disturbance resulting from the flood and road reconstruction activity. The town of Sunderland and U. S. Forest Service have asked the agency for stream alteration permit authorization to undertake additional road and bank stabilization this fall after the Oct 1 in-stream work closure date. This has resulted in considerable email and phone exchanges between agency staff, town representatives and its consultant. On Oct 27 the Rivers Management Program reissued a revised permit allowing work to proceed this fall at several high priority project sites and with provisions for increased stream/trout spawning habitat protection measures.

Dam Removal: This week marked completion of Dufresne Pond dam removal and Batten Kill stream channel reconstruction. In-stream trout habitat enhancement is contemplated to take place after a couple years of site and natural channel stabilization. District staff will be monitoring trout population response to this project over the next several years. In preparation for this, staff established a monitoring station upstream of the former impoundment to compliment the long term index station located downstream of the dam site and a future sampling site which will be setup within the limits of the former pond site.

Hazardous Spill: A report of a hazardous spill incident on VT Route 131 in Weathersfield was received, and the site was visited, on Fri, Sept 27. The incident was reported by a complainant who resides in the vicinity of the culvert rehabilitation project. Rehabilitation involves the resurfacing of the culvert with an epoxy resin-styrene material by a cured-in-place lining process. This took place on Sept 10 - 11 with a complaint filed on Sept 11. Additionally, the complainant took water samples from the brook which came back being 15 to over 2,000 times above the rainbow trout LC 50 (i.e. the concentration which will kill 50% of rainbow trout in a toxicity test). The odor of resin continues to be very evident. The complainant also stated that the stream is now devoid of fish and other life. District staff were scheduled to assess the status of fish communities and trout populations above and below the culvert on Sept 30.

Forest, Parks and Recreation

Encroachment Issues: State Lands Administration staff are following up on two encroachments at Coolidge State Forest – one in Plymouth and the other in Mendon. Round Top Ski Area in Plymouth has extended the development of a new snowmaking pond onto adjacent state forest land. Approximately .7 acres of state forest land has apparently been cleared and rough-graded as a part of this project. We have notified the ski area to cease any further operations on state land and will be following up with representatives of the ski area to resolve this encroachment. The other situation involves a possible encroachment on the former International Paper parcel in Mendon now owned by the State as part of Coolidge State Forest. This parcel is encumbered by a conservation easement held by the Vermont Land Trust as well as other pre-existing easements. An elaborate tent cabin has been constructed on this parcel, which is apparently being used for commercial purposes including overnight lodging for guests.

We are working closely with the Vermont Land Trust to obtain additional information and resolve this situation.

Tower Being Dismantled: American Tower (AT) has informed the Department it will be dismantling its telecommunications tower and building on Route 17 at the top of Appalachian Gap this fall. AT's facility is located on a portion of Camel's Hump State Forest under license agreement with the Department. Among other conditions, the license requires AT to develop a plan for removal of the tower and building and restoring this site to a natural condition. Further, the license requires that this plan be implemented by AT should they be unsuccessful in attracting other users to this site by Oct of 2012. Given that no other users have expressed an interest in locating at this site, AT is now in the process of implementing the tower/building removal and site restoration plan. They expect to dismantle the tower within the next two weeks. Demolition and removal of the communications building will take longer due to lead paint and asbestos abatement procedures. AT hopes to complete most if not all of this work before winter sets in.

Weekend Activity at State Parks: Over 750 people visited Jamaica State Park last weekend to participate in and witness the annual whitewater release from the Ball Mountain Dam. Reports indicate a high level of hiking activity across the state due to the great weekend weather.

Parks Newsletter: The fall edition of the Vermont State Parks e-newsletter was distributed to more than 22,000 readers last week.

Barre Town Forest Dedicated: Federal officials were in town on September 28 to celebrate the new Barre Town Forest. Tony Ferguson, US Forest Service Director of Northeastern State and Private Forestry, joined other USFS staff, The Trust for Public Lands, FPR, the Town of Barre, VHCB and others as the 355-acre forest was dedicated on a beautiful fall day.

Business Office

Federal Shutdown: Thanks to our Business Offices for pulling in extra Federal receipts just before the Federal shutdown.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: October 4, 2013

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

VY: A status conference was held October 1 to take comments on how the Board should proceed in light of Entergy's announced 2014 closure. PSD had filed a letter outlining a proposal that Entergy had agreed to, for the record to be re-opened for the limited purpose of entering evidence of Entergy's new plans (its letter to the NRC) and for reply briefs to be filed 10/25. All parties except NEC agreed to this proposal at the status conference, with NEC seeking to file new testimony. The Board gave all parties until 10/9 to file requests to submit additional evidence.

We sent to Entergy today our substantive response draft to their draft MOU. I've also sent it to Wilmer Hale. We are right now scheduling meetings and calls with Mike Twomey in response to your conversation with Bill Mohl, and should have a schedule before the end of the day.

Uldis Vanags, our Nuclear Engineer, is leaving – last day October 11th, though I asked if he could work 1-2 days per week through the end of the month, as I think he may be needed in providing

information on these discussions. I do have other options under contract if need be. We need to replace this position with someone well-versed in nuclear plant decommissioning.

Net Metering: VEC filed a tariff with the PSB that would offer a feed-in-tariff in lieu of net metering, paying customers 12.5 cents per kilowatt hour for solar generation. No solar project in Vermont has been built, even at utility scale, at this price, so this is a non-starter proposal and we will oppose it at PSB. We are still working with WEC on legislative approach, hoping to have a tweak that can gain their support. Chris and Darren met with Senator Hartwell, who was receptive to the PSD net metering proposal, and asked Aaron Adler to work with us on drafting.

Addison Expansion: The Department is drafting its initial brief in support of the Project, which is due October 11. The Rotax Road re-route (VELCO ROW vs. the Palmers) continues to be a difficult issue and, post-hearing, VGS is attempting to negotiate a route acceptable to the Palmers, VELCO, the Town of Monkton and all other landowners who would be affected, but who did not participate in the case. The Department is monitoring these discussions, and is supporting the use of the VELCO corridor. The Department met with representatives of VGS, CLF and the Addison County delegation, with a view towards achieving our respective energy efficiency goals in a collaborative way. That discussion is ongoing and is not likely to affect the briefing or proposed Order in this docket. The 45-day letter for Phase II went out and was received yesterday.

Georgia Mountain Community Wind – Docket 7508 – As reported earlier, neighbors of the GMCW project filed a complaint with the PSB regarding the installation of cooling fans. The Department has investigated that state of the docket file in response to the complaint. The Department discovered that no final turbine specs, or revised sound modeling report were ever filed with the Board although required by the Board Order or CPG condition. The Board has issued a memo seeking comments from the parties on how to proceed in response to the Johnson complaint by October 9, 2013. The Department is assessing its options. This is the second significant docket on wind noise that is not within our control – GMP violations, and this. We are issuing an RFQ this week for sound experts to be under on call contracts, and I am now leaning toward asking the board for a workshop on this issue rather than opening an uncontested docket. I will wait until we have experts under contract and explore the issues with them.

Significant Meetings/Events:

October 1: Chris and Geoff attend VY status conference; Darren and Asa attend EAN annual meeting

October 2: Chris attends Texas Compact Commission meeting

October 3: Chris/Darren meeting with Senator Hartwell; Chris had separate meeting with Senator Hartwell; Chris spoke at VAPPDA; Climate Cabinet; Chris spoke to Senator Campbell about net metering.

Next week significant events/meetings:

October 7: Darren and Asa meeting with Matt Cota on thermal efficiency

October 8: VY bi-weekly meeting; Darren and Asa meeting with Patty Richards and Barry Bernstein, WEC, on net metering

October 9: CEDF Board Meeting

Media: Chris quoted in BFP, VT Digger on VY/Texas Compact stories. Darren spoke with Seven Days, VT Digger on net metering.

Everything Else:

Engineering

Vermont Yankee Operation

Vermont Yankee is presently operating at 99% as operators complete a rod pattern adjustment initiated after the repair of the alpha recirculation motor oil leak caused by a loose fitting. Focus continues on plant operations while a decommissioning team works on developing detailed plans for shutdown during the 4th quarter of 2014. The majority of significant submittals in preparation for shutdown will be submitted to the NRC in Spring 2014. Those include E-Plan Exemption Requests and a revised emergency plan for a defueled reactor, the Post Shutdown Decommissioning Activities Report (PSDAR), an updated decommissioning cost estimate, and a spent fuel management plan.

Stafford Hill Solar

GMP has submitted a petition for a CPG to construct a 2.0 MW solar PV project to be called Stafford Hill Solar. The hill is actually the capped Rutland City landfill. This project, if permitted, would be the first one on a capped landfill site in Vermont. The property is relatively secluded from view for all but a couple of homes and the Rutland High School athletic field. Being constructed on a capped landfill will involve the photovoltaic arrays being secured to concrete blocks rather than posts embedded in the ground. GMP has also submitted a response to a PSD RFP to locate a utility-scale electric storage facility at this location to be associated with the solar project.

Middle Road Solar

The technical hearing in Docket 8045 was held last week, in which the Hearing Officers informed Middle Road Solar that they would recommend that the Board not accept the inverter capacity as the AC capacity of this project, but would rather recommend that the AC capacity be calculated by the Board's practice of multiplying the DC capacity of the solar panels by 0.95. The Middle Road Solar project is proposed with approximately 600 kW DC of solar panels and an inverter with a nameplate capacity of 500 kW AC. Because this group-net-metered project has a limit of 500 kW AC, this would mean that Middle Road Solar would have to scale the

project back to 526 kW DC of solar panels, which, according to the Petitioner, might jeopardize financing. The Department is working with Middle Road Solar on a letter to the Board requesting that the Board use the inverter capacity as the AC capacity for large net-metered solar projects.

CAPI

YEAR	CALLS	COMPLAINTS
2011	146	98
2012	112	74
2013	105	53

Company	Complaint Numbers
FairPoint	14
GMP	9
Comcast	5
VEC	5
Lyndonville Electric	3

CONSUMER COMPLAINTS

Complaint numbers for the period September 25th – October 1st are 105 calls and 53 complaints. Complaints against FairPoint remain relatively high, with CAPI being unsuccessful in resolving most consumer complaints against the company at this time. Complaints primarily relate to billing, repairs, and service orders. Recently, a few complaints referred to CAPI for investigation by the Public Service Board have been referred to the PSB after CAPI's investigation was unable to provide an acceptable resolution to the complaint. CAPI will continue to document in the hopes an investigation into FairPoint's service quality and customer practices can commence at some point in the future.

Post-CPG wind complaints

CAPI took in two noise complaints regarding Georgia Mountain Community Wind (GMCW). The noises were described as "loud, sustained, and high-pitched," and "squeaking and squealing." Both complainants said that the noises were heard during a period when the turbines were not spinning, or turning very slowly. (CAPI has started to copy Aaron Kisicki on email requests for information to Martha Staskus at GMCW, who hasn't been responsive to direct requests from consumers, and recently has not been very responsive to CAPI either.)

CAPI also received one complaint regarding Lowell Wind; the person said her dogs bark at night when the turbine sounds are loud, which wakes her up. Additionally, CAPI received one complaint regarding Sheffield/First Wind. This person submitted these comments: "Very unhappy. Now not only do I have ringing in my ears 24/7, I am starting to experience the pulsing in my head that my husband has had for a year. To try and explain it, imagine your ears are constantly ringing and with every beat of your heart the volume of the ringing rises and falls." Additionally, CAPI provided complaint information to Vermonters for a Clean Environment, which requested an update from their last request, which was in February.

Public Advocacy

Middle Road Ventures Middlebury Solar – Docket 8060 – The Department participated in the technical hearing. There was discussion about the inconsistent way in which system capacity is counted for net-metered systems versus the standard offer program. The next scheduled step is for the Board to issue an order.

GMP Stafford Hill Solar in Rutland – Docket 8098 – The Department participated in the site visit and public hearing. The mayor attended the public hearing; but, did not offer comment. No other members of the public were present. Additionally, the hearing officer distributed questions for GMP regarding capacity factor, output from the panels, ratepayer impacts, the request for proposals, costs, and expenses of the project. The cost of power from this project is estimated by GMP at about \$.20/kWh to \$.24/kWh, while GMP estimates that the benefit will be about \$.16/kWh. GMP believes that the Project provides unquantifiable benefits to the State that would be valued at nearly \$.060/kWh, which seems high.

Barnet Water System, Inc. Rate Increase – Docket 8052 – In a letter to the Board, the petitioner requested the schedule be suspended and waived the requirement that the Board make a determination within seven months of the rate change request. In a previous status report to the Board, the Department supported the petitioner's anticipated request to suspend the schedule.

Springfield Solar Alliance I Project – Docket 8034 – The Board approved the project and issued a CPG subject to conditions that the parties expected.

Joint request of GMP and Hyde Park Electric Department to terminate three-phase service agreement – Docket 8100 – In an order, the Board approved the abandonment of the three-phase service to customers in the North Hyde Park area and the alteration of the service territories of GMP and Hyde Park to remove the three phase service territory in the area of North Hyde Park from GMP's service territory and to add such service territory to Hyde Park's.

Investigation into the Regulation of VoIP – Docket 7316 – A status conference was convened on October 2nd. Comcast, the Department and counsel for the Independent Telephone Companies will be negotiating a set of stipulated facts to present to the Hearing Officer prior to the technical hearing, now scheduled for December 5th. Counsel for AT&T raised concerns about the Department's billback allocation, but the issue has already been discussed and resolved in communications involving the Secretary of Administration's office. All parties were copied on these communications and no party presented a timely objection to the final allocation percentages.

Q Link Wireless Petition for ETC Designation – Docket 8075 – The Board issued an Order on September 27th granting Q Link Wireless's petition requesting designation as an Eligible Telecommunications Carrier.

Swanton Rate Increase – Docket No. 8024 – On September 25, the Board issued a final order that adopted the hearing officer’s proposal for decision and accepted the terms of the MOU between the Department and Swanton, which among other things reduces Swanton’s rate increase from 10.69% to 1.0%.

Claire Solar Farm Section 248 Proceeding – Docket No. 8003 – On September 27, the Board held a technical hearing in this case. Parties had already responded via pre-filed testimony to questions about the safety aspects of the 2.2MW solar project, which does not include a fence, and other issues. In light of the MOU in this case, the hearing was uneventful.

VEC Withdrawal of Voluntary Renewable Program – Tariff No. 8466 – On September 27, the Department filed a letter supporting VEC’s request to terminate its voluntary renewable program. The program was withdrawn due to the lack of participants in the program.

VGS/Plouffe Condemnation—Docket 7819—After many months with no activity, the Board has rescheduled the technical hearing on the issue of necessity in this matter for October 18. This is the first case involving the condemnation of easement rights under Section 111a (which deals with pre-existing utility lines) that has ever proceeded this far without settlement. The Department supports VGS’s petition and has filed testimony as to the necessity of the condemnation.

Technology Drive Solar – Docket 8111 –The Department conferred with ANR to discuss possible comments to the Board in response to the § 248(j) notice issued by the Board. Both parties agree that the 2.0MW facility is not of limited size and scope. The Department intends to raise aesthetics as a § 248 criterion implicated by the project, as well as pointing out that the Board’s apparently inconsistent determinations regarding § 248(j) treatment creates regulatory uncertainty for both developers and statutory parties. Comments are due by October 18, 2013.

WEC AMI Plan – Docket 7810 – The Department submitted an initial round of questions to WEC related to WEC’s proposed technology offering aimed to provide customers with in home display (IHD) usage, per Board order. The Department has reservations about the chosen technology’s ability to deliver reliable and sufficient performance. After additional internal discussions and review of WEC’s initial responses, the Department issued another round of questions to WEC and requested another two week extension to file comments with the Board. Comments are now due on October 14, 2013.

Telecommunications

GMP Desired Technical Capabilities for Elster Smart Meters – GMP has confirmed in writing to the PSD that it will comply with the desired technical capabilities that would enable dynamic pricing. This has been an issue in recent weeks and initially Elster, the manufacturer of GMP’s smart meters had not complied with this capability.

Broadband Availability Table – At the monthly meeting of the Broadband Mapping Initiative (BMI) team (including VCGI, the PSD, and the VTA), staff discussed the status of the data gathering effort for information as of 6/30/13. Staff also discussed the issue that the data on the table available for responding to the public is out of date, and reflects data as of 6/30/12. The 12/31/12 data is available, but has not been posted to the data due to concerns about the accuracy of the information about VTel coverage. Participants all recommended that the data be updated as soon as possible, that is, as soon as the VTel data can be sorted out.

Meeting with Vermont ILECs – PSD staff met with the Vermont ILECs (the telephone companies) about a potential high cost fund. For the past year the Independent phone companies and FairPoint have been unable to reach a consensus as to how a high cost fund would work. PSD staff have informed the Independent's and FairPoint that they should submit a joint proposal for legislation before it can really be reviewed as to whether it is a supportable proposition. PSD anticipates that a joint proposal will be submitted within a week or so.

Finance and Economics

Electric

Stowe Electric Department--Tariff 8468 – Electric Vehicle Charging Stations – The Department completed its review of the proposed tariff for use at three EV charging stations and has recommended the tariff be approved as filed. The filing is a temporary tariff that generally covers Stowe's charging station costs. The tariff will be evaluated and adjusted within a year or so pursuant to the planned Stowe 2014 rate design study.

PSB Workshop on Formula Rates-- PSB has scheduled a workshop regarding formula rates. The Board has some concerns about whether the use of formula rates affects a cooperative or municipal utility's ability under 30 V.S.A. § 226(b) to implement a rate increase, subject to refund, prior to a final determination by the Board. The workshop is scheduled for October 10, 2013.

Gas

VGS – Requests approval for a one year contract for base load firm gas supply with Direct Energy. Under 248(i) VGS needs PSB approval to contract for the purchase of gas from outside the state, for resale to firm-tariff customers. VGS has selected two low price bids, splitting the supply among two suppliers to ensure supply diversity. VGS also rejected higher multi-year contracts. A recommendation is due by October 24.

EEU's

VEIC - 2014 Indirect Rate Calculation Update: VEIC notified the PSD/PSB that beginning in fiscal 2014 VEIC will no longer exclude incentives from the cost base against which the corporate indirect rate is applied. Staff is reviewing the notification and has requested supporting information from VEIC.

Financings/Mergers/Acquisitions/Consolidations

VGS -108 Filing - Petition for approval to Issue up to \$35 million in first mortgage bonds and a three year extension of its existing unsecured revolving credit facility for \$45 million – Finance & Economics forwarded a favorable recommendation citing the petitioners plans to take advantage of favorable credit conditions in light of current forecasts for rising interest rates and that the bond issue would provide VGS with low cost debt and provide the fiscal ability to fund current and proposed capital projects.

Meetings Next Week

- VPD, VEPP Inc, and VEC SPEED SO Transmission Meeting. VEPP Inc. and VEC have been talking about how VEC charges for SPEED SO transmission from VEC's system to VELCO. VEC and VEPP Inc. would like to continue the side discussions that we had at the August 26, 2013 WEC Docket 8102 Prehearing Conference. These discussions will be focused only on VEC's transmission. Meeting is scheduled for October 3, 2013.

Regional Policy

Distributed Generation Forecast Working Group

- ISO held its first Distributed Generation Forecast Working Group meeting on September 30. The states gave presentations regarding DG policies and data availability. With the exception of Maine and New Hampshire, all of the states have seen significant DG growth in recent years, and it is likely that the growth will continue for next few years.
- ISO was somewhat amenable to developing an interim, discounted forecast of DG to be included in the 2014 Regional System Plan. Due to some interconnection issues associated with DG and the lack of clear data in some states (for example Massachusetts has acknowledged that it may be double-counting a fair amount of net metering and other DG data), any estimate for 2014 would need to be discounted; the argument will likely be about how deeply the estimate is discounted. The end result will likely be a small, but noticeable, reduction in transmission need and capacity requirements.

Citizens Block Load

- Vermont Electric Cooperative is permanently withdrawing 60 MW of capacity associated with the HydroQuebec block load from the Forward Capacity Market; it is retaining approximately 15 MW of the block load in the FCM. The reduction is designed to reflect that the 60 MW is no longer available due to transmission modifications (construction of the Northern Loop and changes to the Jay substation) that have effectively limited the block load to serving the Newport area. For the past several years VEC has been delisting the 60 MW in each Forward Capacity Auction, it has now submitted a non-price retirement notification to ISO.
- VELCO and ISO have assumed that the 60 MW is not available in planning studies conducted in recent years, so there is no expected impact on transmission needs as a result of the retirement.

Forward Capacity Market Reform

- NESCOE held a call on October 1 to determine states' positions on ISO's FCM Performance Incentive proposal and the Connecticut FCM Premium Capacity proposal. During the call states were informed that ISO is making a significant change to its PI proposal by reducing the incentive from approximately \$5000/MWh to \$2000/MWh. Connecticut and Vermont were the only states that indicated support for the Premium Capacity proposal. Rhode Island and Maine are leaning towards the PC proposal, but wanted more information. Massachusetts is leaning towards ISO's PI proposal, and New Hampshire has not indicated any preference. The Vermont utilities are all supporting the PC proposal over the PI proposal.

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: October 4, 2013
SUBJECT: Governor's Report

Emergency Management/Homeland Security

Issues/Updates

As a result of the federal government shut down only key federal personnel remain on staff. Several partners DEMHS routinely conducts business with have been furloughed until further notice.

DEMHS is federally funded in the form of an Emergency Management Planning Grant and Homeland Security Grant Program, not a continuing appropriation.

Any money on hand (HMGP, EMPG, etc.) can be spent.

Region I staff is furloughed, but we are maintaining key points of contact.

Region I administrator Paul Ford is exempt from furlough.

In general it will be an inconvenience as our ability to draw down funds could be slowed in some instances.

Recovery and Mitigation:

Public Assistance is largely unaffected.

Funds that have been obligated can be spent.

Worksheet reviews continue.

Only possible hiccup could be in review of projects over \$1-million, which need review through Congress.

FEMA has advised Vermont's HMGP extension request was granted for 90-days.

FEMA Joint Field Office –

Will remain open in Williston with current staffing and will operate business as usual. Shut-down impacts on the front-end of the Public Assistance (PA) program will be minimal.

RERP (Radiological):

FEMA REP staff is considered essential personnel and will be available as normal.

NRC staff will operate as normal for a week and then limit operations to core functions: Receipt and processing of pre-shipment notifications and receipt and assessment of licensee event notifications through the Headquarters Operations Center

State Police

Arson investigation in Averill, VT a terminally ill 74 yr old male burned his cabin and left the area in his vehicle. Vehicle found up the road from the cabin the following day. Male is still missing and search efforts in the area of Canaan Hill Road are underway this week involving Beecher Falls Fire Dept., Vermont Fish and Wildlife, New England K-9 and VSP Search and Rescue.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Jeb Spaulding

DATE: October 4, 2013

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Legislative Issues/Contacts:

- Met with Rep. Butch Shaw about governance issues, facilities utilization and maintenance at the Pittsford training center.
- Working with HCIC Chair Emmons on agenda for hearing to be held 10/25. FEMA funding, WSOC, 20 Houghton Street, the Montpelier heat plant, Colchester health lab, Berlin hospital and the Vermont Veterans Home are on the list.
- Rep. Cupoli is the Speaker's appointment to the VT Veterans Memorial Cemetery. He attended his first meeting at the cemetery chapel where the selection of the LA Group to do the cemetery master plan was announced.

Press/Media Notes:

- Neal Goswani, VT Press Bureau (Times Argus), called regarding DEW and the Bennington state office building.

Significant Events/Meetings:

- Held internal meeting regarding the divestment of Wasson and Stanley to the Town of Waterbury in the WSOC. We need to find out from the Town of Waterbury what the likelihood is of the town purchasing SOV property located in the complex to meet municipal space needs.

- Meeting held with EMG, the company under contract to do the update of the VT Veterans Home building assessment, the DOC building assessments and the first 20% of the remaining stock building assessments. Meeting well attended and very participatory.

FINANCE AND MANAGEMENT

Issues Update:

ERP System: CPO Susan Zeller and Director of FinOps Brad Ferland are holding an initial meeting today with Time & Labor lead, Melissa Butryman to hear her concerns and challenges. We will begin meeting with the remaining staff in T&L and Payroll next week and then meet with departments to hear their concerns. Once we have assembled a list of issues and challenges – real or perceived – we will be able to develop a strategic plan to address and resolve the issues/challenges.

In addition to dealing with the organizational restructuring, we are dealing with a technical system issue regarding FLSA (Fair Labor Standards Act) system rule, and another issue dealing with the federal tax status for Civil Unions. We expect the technical fix for the FLSA issue to be in place for the next payroll; the issue with civil unions may take a bit longer as it will require a more manual approach to deal with.

Federal Shutdown: The Department of Finance and Management has compiled a state-wide summary of the impacts from the federal government shutdown, and is updating that summary continuously in “real-time,” and posting on various websites (AoA, F&M and SPOTLIGHT). In general, the impact to State government can be summarized as follows: we can absorb the impact if the shutdown lasts only a few days; if it lasts longer, the impact will be more challenging and require program-by-program decision-making.

Meanwhile, the department has also surveyed field departments on the impact of federal sequestration and other longer-term federal reductions on their respective programs. The survey was sent prior to the shutdown, and asks departments to assume that Federal FY 2014 is ultimately funded at a level equal to Federal FY 2013, thereby incorporating the federal sequestration reductions. Survey responses are due back October 11. In the budget instructions, issued September 24, 2013, departments were instructed not to assume that federal fund reductions would be replaced with state funds.

HEALTH CARE REFORM

No report.

HUMAN RESOURCES

Evolving Issues:

The State has prevailed in the class action lawsuit filed by state employees alleging they are entitled to greater compensation under the Fair Labor Standards Act. In essence, the Court ruled that the State is immune from private actions asserting FLSA claims. We assume the Plaintiff will appeal.

DHR representatives met with CIGNA in an attempt to resolve a suit CIGNA has filed against the State of Vermont for the State’s failure to award the medical contracts to it, rather than Blue

Cross, Blue Shield. The Complaint alleges arbitrary government action and seeks injunctive relief. CIGNA stated it would consider our discussion and get back to us on whether it intends to pursue the Complaint.

As reported last week, as part of the upgrade to VTHR, the State had requested that the system be designed to calculate overtime rates in compliance with the Fair Labor Standards Act (FLSA), but this process was not implemented for the state police. While initially advised FLSA was being run for all state employees, DHR was advised this week that the FLSA calculations have not been done. The Contractor will need to work with the State to determine any amounts that are due to employees.

DHR is assessing steps that could be taken in the event the federal shutdown continues for a longer period of time, and federal funding does not exist for many state positions. Essentially, to furlough or separate employees in anything less than 45 days, DHR will be required to get agreement from the VSEA and VTA.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare: Vermont Health Connect went live on October 1st as planned, but performance was, and remains, a major issue. In my opinion, based on the advice of those working directly with CGI, CGI does not have the capabilities needed to resolve the performance issues without significant outside help from other vendors (i.e. Oracle, VMware, F5, etc.) We do expect incremental improvements from CGI, but without help, we are looking at a high probability performance problems will continue for days.

There are two basic issues causing performance degradation, but we don't know which issue is the primary cause

1. CGI has a mis-configuration in their data center of the web servers (an Oracle product) causing circular traffic (observed).
2. The Exeter software is not designed for performance and while it can be accelerated through technology, none of the acceleration has been implemented by CGI

While both issues remain totally in CGI's court, CGI finally granted SOV technical personnel access to their data center information yesterday (to help resolve issue #1). Within minutes, SOV personnel were able to pinpoint infrastructure items that were not configured correctly and corrective action was taken last night. This has resulted in improved performance across all aspects of VHC, but does not help performance related to issue #2.

The issues discovered by SOV should have been obvious to CGI, prior to launch on Oct 1, and once the poor performance became apparent should have been the first item examined. The fact CGI did not find this on their own demonstrates they do not have staff appropriately knowledgeable in the technology. The DII implementation of the automated call answering and routing (ACD) platforms for the Health Exchange related call centers were completed successfully.

Significant Events/Meetings:

We are working with Agency leadership and their technical leads to update the state technology strategic plan. To that end, we have a workshop scheduled for October 18th. Agency Deputy Secretaries have been invited, but we are having trouble with scheduling. Jerry Mechling from Gartner will be facilitating. Outcomes are intended to be alignment on vision, goals, objectives, and action.

Richard Boes and Darwin Thompson attended a meeting of New England CIOs last Friday. They converged on the new data center in Springfield Massachusetts. The Massachusetts CIO is hoping to create regional partnerships around data center sharing. We also covered our traditional agenda around collaboration opportunities and government trends in technology.

LIBRARIES

Nothing to report.

TAXES

Legislative Update:

JFO Data: We are close to a final MOU amendment that we hope will fulfill our requirement to enter into an agreement regarding tax agreement data. The three basic terms are that the Department would provide JFO with enhanced aggregate data (no individual return information), that the Department would keep Deb Brighton on as a part time tax employee who would run legislative requests (JFO would reimburse us), and finally we will explore purchasing microsimulation models from Chainbridge that would allow both the Administration and Legislature to perform more sophisticated analysis of tax proposals without compromising individual taxpayer confidentiality. The only caveat is that the results from the Chainbridge models would always have to be verified on the full tax data set by the Department. This appears to be a constructive solution to the controversial issue.

Renter Rebate Study: Mark Perrault is reporting on renter rebates to the Legislature – as part of the education cost control bill last year, there was some interest in reigning in this program, and interestingly, Mark seems inclined to provide support for this. He has looked at other states where renter relief is much more limited. Our Tax Department statistics for administering the program are astounding. We had 17,000 applications this year (up over 3,000), however nearly 6,000, or over 1/3, generated further inquiry by the Department, generally because of missing information (721 were ultimately rejected as duplicates or fraudulent). Our statistics show that this program, even with its low filing numbers relative to other taxes, generates the most phone calls into our call center.

Property Tax Rate: The early work of the forecasting group suggests that we are again looking at a projected 5-6 cent tax rate increase for the December 1 letter. The Grand List still has not turned the corner, with indications that this is a fundamental structural problem –we are unlikely to experience the type of growth that would support the rates of increased spending. We had a constructive conversation with Larry Picus, and we are going to explore his idea for convening a symposium of public finance experts to explore alternative options to introduce some cost control in the finance construct while preserving equity, local control and quality.

Online Travel Litigation: The Commissioner got more specific information from New Hampshire about their successful outreach to hotels regarding their anticipated suit against online travel companies. The NH suit, which includes consumer fraud counts, is expected to be filed next week. We had a fairly constructive meeting with Tom Torti and Cathy Davis. Burlington is meeting with outside counsel this week, and is expected to file a parallel action to the Department seeking recovery based on their charter – because they have a distinct basis for their action (unlike the other local option tax towns which piggyback on the state statute), we will need to work out cooperation (particularly with respect to confidentiality). The Commissioner spoke with Mayor Louras about a possible Rutland City charter action, however he did not think it was worth their while since all the major properties are in the Town.

Tax Advisory Board: We had another good meeting with this group, covering our selection of the winning bid for the integrated tax system, our work plan for the \$1.5M in enhanced revenue for the '14 budget, the discussions with the JFO, the property tax and other legislative issues

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding
Date: October 4, 2013
RE: Boards and Commissions Update

Here is the information on the Board of Real Estate Appraisers. The only person you have appointed to this Board is George Sargeant, he replaced Anne Bernhardt when she resigned. Steve Rocheleau and George Sargeant are both eligible for reappointment in December.

Milne-Allen	Ami	Saint Johnsbury	Real Estate Appraisers, Board of	5/4/2005	12/31/2014	professional
Retchin	Linda	Shelburne	Real Estate Appraisers, Board of	12/31/2010	12/31/2014	public member
Rochelleau	Steve	Swanton	Real Estate Appraisers, Board of	1/28/2009	12/31/2013	Pro
Sargeant	George	Rutland	Real Estate Appraisers, Board of	2/16/2011	12/31/2013	residential appraiser
Urish	Heidi	Burlington	Real Estate Appraisers, Board of	7/27/2010	12/31/2015	banking experience
Wernecke	Robert	West Berlin (Berlin)	Real Estate Appraisers, Board of	1/11/2010	12/31/2015	public member

Appointment Made October 1st, 2013

Agricultural and Forest Products Development Board:

APPOINTED: John Mandeville, Hardwick (expertise in rural economic development)

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: October 4, 2013
Re: Weekly Report

Status of Governor's Priorities: Working on FY15 budget targets with staff and department needs for next fiscal year. Estimated budget numbers due 10/11.
Starting to look at performance measures in our enforcement and licensing area.

Legislative Issues/Contacts:

- Reviewing draft changes to Department Regulations with Board at recent meeting.

Press Issues/Releases/Contacts: Nothing to report.

Significant Events/Meetings: Next Board Meeting 10/9 Enforcement Hearings. Board Meeting with major supplier Diageo on supply chain issues.

Evolving Issues:

- Working with vendor on contract for ERP/POS Project. Ongoing process.
- Preliminary review of department processes for potential licensing and enforcement system. .
- Working on evaluating additional agencies throughout the state and breaking down costs associated as well as the return on the investment.
- Auditor's Office is going to do an audit on the department's system of distribution and sale of liquor. Entrance Conference Monday 10/7.

Summary of Key Department Activity:

- September sales finished at +4.5% over last year.

Commissioner's Commentary: Have a great weekend.