

WEEKLY REPORTS

Checklist

11/15/2013

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

- ☒ 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 (**no report this week**)
- ☒ Department of Liquor Control

To: Governor Peter Shumlin
From: Lucy Leriche, Deputy Secretary - Agency of Commerce and Community Development
Date: November 15, 2013
Re: Weekly Report

DEPARTMENT OF ECONOMIC DEVELOPMENT

- **Nathaniel Group – Vergennes:** This medical technology company has rebounded from the recession having reduced debt and increased sales for their products. They are travelling to Germany with VGTP to the Medica show which has been very successful for them. Employment is growing at 25 full time. They requested financing assistance for a planned expansion in Vergennes, and are looking at developing a training plan for the Vermont Training Program.
- **New Captive Formations:** Dan Towle, Director of Financial Services reports that year end activity is picking up substantially. New captive insurance licenses are up to 18 new captives with 4 applications in process. The pipeline is very active and continues to grow almost daily as the year end rush is underway. New captive formations across some competing domiciles are mixed with reports of new captives to be very weak in South Carolina, (which is a primary US competitor) to very robust in the Cayman Islands (a major off-shore competitor). Vermont licensed 32 captives last year.
- **Marketing Plan Updates:** Dan has been working on making updates and enhancements for strategies to expand Risk Retention Group (RRG) growth in Vermont and to garner more Medical Malpractice (hospital) Captives that are being formed. Dan has the first round of drafts completed and is starting to put together potential budgets to support these efforts.
- **VEGI:** Staff worked with Dealer.com, Farmer Mold and Machine, JBM Sherman Carmel, and Biotek to prepare Final VEGI applications for consideration.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

- **Vermont Affordable Housing Coalition:** At its monthly meeting, the Coalition's leadership reported on meetings with the Governor and his staff over the last several months on poverty-related issues and expressed gratitude for his receptivity to their concerns. The ad hoc group's recommendations have been folded into VAHC's legislative priorities for the next session.
- **Colorado Flooding:** Shared lessons learned and strategies for utilizing CDBG Disaster Recovery funding with the Colorado Governor's and Recovery Offices.
- **Vermont Housing Finance Agency:** VHFA is rolling out a Mortgage Credit Certificate Program and is introducing a first mortgage program without Mortgage Revenue Bond requirements in order to expand its market and reach new potential homebuyers.
- **Community Signs Flagged:** Over 30 folks attended the downtown networking meeting in Vergennes to learn about place-making tools (e.g. tax credits, downtown transportation fund) and how physical design and community character help market and distinguish communities as unique. Amy Gamble (VTrans Traffic Operations Engineer) shared information about the state's sign law that prohibits billboards and

other off-premise roadside advertising. Participants were upset to learn that signage commonly used in downtowns like business “open” flags, sandwich boards, and decorative banners can compromise public safety and may be deemed as illegal advertizing by the state. A follow-up meeting is planned between the Department and VTrans to review the 45-year-old sign law and determine if there is a way to recognize current practices that promote and support the vitality of Vermont’s downtowns.

DEPARTMENT OF TOURISM & MARKETING

- **World Travel Market:** This year Commissioner Megan Smith attended along with our own public relations firm, Wixhill. Megan worked with Wixhill on three initiatives: developing Montreal as a gateway, attracting large tour operators with charters to fly into BTV via airports with pre-clearance, and selling New York as a gateway.
- **DNE into China:** Our firm, KBC, has hired a staff person in Beijing and is strongly encouraging us to get into that market with at least a push for education opportunities at Vermont schools. They feel that if we don't at least get a foot hold now we will be at a disadvantage as the market grows and other destinations such as Visit Florida, Las Vegas, the Capital Region and NYC, are all going in with huge investments. We are having a board meeting next week to discuss an additional \$10,000 investment by each of the six New England states for starting the program.
- **Japan:** e received word that Caroline Kennedy is being appointed as Ambassador to Japan, so we are starting plans for a reception at the Japanese Embassy during our sales mission in January with the help of Governor Patrick's staff. This could have a huge impact on growing our share of the Japanese market with the success of the daily flight into Boston from Tokyo.

Memorandum

To: Honorable Governor Peter Shumlin

From: Commissioner Annie Noonan

Re: Weekly Report – Week Ending November 8, 2013

Unemployment Compensation:

UI Call Center Stats: For the week ending 11/09/13 we took 2,622 calls. This is an increase of 156 calls from the week ending 11/02/13. We paid 4,354 claimants during the week ending 11/0/13 compared to 4,101 for the week ending 11/02/13. In total, 3 claimants exhausted all tiers of benefits with the week ending 11/09/13, and 2 claimants exhausted Tier 1 benefits with the week ending 11/09/13. We processed 5 mass claims for Granite Importers.

Workforce Development:

NEK Workforce – we are scheduling a meeting with all the stakeholders and other interested parties for early December up in the Newport area. Meeting with Vermont Veterans Affairs partners on veterans' employment was scheduled by VDOL to engage in a more aggressive outreach to employers to hire veterans. VDOL Annual WIA report is due today – significant project for the department. Make Vermont Home: we will be starting some data compilation and attempting to categorize even the anecdotal commentary. This will be shared with ACCD for our collaboration on various projects.

Workers Comp and Safety:

North Country Hospital will be cited by VOSHA next week, and Steve Monahan and Dan Whipple have informed me that the press has been calling for information on this. Their blood-borne pathogen and MSDS for caustic chemicals, and a repeat violation for failure to have required eye-wash stations, were the issues. Steve Monahan has advised that this is politically charged because of additional complaints of discrimination for reporting the violations. The VOSHA violation by Vermont State Police relating to lack of radio communication is moving amicably to settlement with the VSP Commissioner's office and Mike O'Neil for VTA.

Labor Market Info:

Vermont's UI rate will be released on 11/22, and Mat B will have an estimate on 11/18. Mat Barewicz presented at Chittenden County Society of Human Resources; participated in the Governor's Council on Successful Aging; presented at Vermont Associates meeting; participated in 2 meetings on data – health care and economic development data. Mat is working on the S155 data for the summer study committee. Mat is assisting with Prevailing Wage info relating to OES (discussed by study group); working on the UI trust fund model with the feds.

VDOL has been informed that VTC TAACCCT grant may begin to move forward after delays. LMI assisted with several constituent inquiries on data.

Meetings this week:

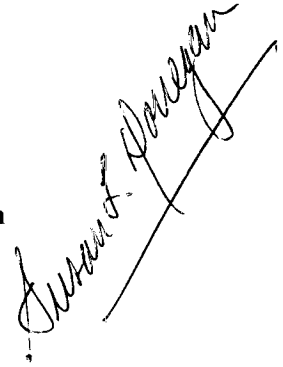
State Apprenticeship Council meeting, chaired; Attended VDOL Regional Managers' meeting, UI Auditors' meeting; Met with Beth Demers of ACCD to coordinate training grant money; Met with Rep. Kupersmith and Lawrence Miller on workforce issues. Met with VDOL WDD staff on IBM dislocated workers; Presented at the Governor's Council on Veterans Affairs on industry credentials and apprenticeship; NEK Workforce weekly meeting; Child Poverty Council meeting; VR–WC counselors meeting; UI meeting on trust fund, federal reports; EEO – Office of Civil Rights report meeting; Employment Security Board hearings.

State of Vermont
Department of Financial Regulation
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Montpelier, VT 05620-3101

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: November 15, 2013
Re: Weekly Report



Captive Insurance Division:

David Provost, deputy commissioner of the Captive Insurance Division, has been named the most influential regulator in the world of captive insurance by Captive Review magazine. Voted number 1 on the "Power 50" list by industry peers, Provost was praised for his "approachability, captive expertise and prominence on the global captive circuit," which the magazine said attributed to his rise to first place from third in 2012. The licensing of Vermont's 1,000th captive insurance company reinforced his position as the world's "premier captive figure." Six other Vermonters were on the list most notably Richard Smith, president of the Vermont Captive Insurance Association (VCIA), who was tenth.

Insurance Division:

Commissioner Susan Donegan and Deputy Commissioner of the Insurance Division Crosby Sherman attended "Commissioners' Night" in Montpelier this week. Donegan was the keynote speaker at the event, which was a gathering of the Vermont Association of Insurance Professionals, Champlain Valley Association of Insurance Professionals, Green Mountain Association of Insurance Professionals and the Vermont Claims Association.

Legal Division:

Liberty Mutual Insurance Co. is appealing a District Court ruling that Vermont's health care data and reporting statute applies to ERISA plans. General Counsel David Cassetty will attend the oral argument scheduled for Monday, Nov. 18, in the Second Circuit Court in New York City.



Banking Division:

Debra Kinney, former CEO of the now defunct Border Lodge Credit Union in Derby Line, is expected to change her plea in court next week. She was indicted on June 6, 2013, and pleaded not guilty. The department closed the credit union on Nov. 30, 2012.

Health Care Update:

Transition of the rate review process for major medical insurance to Green Mountain Care Board is under way. Beginning Jan. 1, 2014, DFR will supply solvency recommendations but no longer be responsible for rate review filings.



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**CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM**

TO: Governor Shumlin
FROM: Armando Vilaseca, Secretary
SUBJECT: Agency of Education (AOE)
DATE: November 15, 2013

Secretary Transition: Rebecca spent Tuesday here meeting with AOE staff, House Appropriations, and some members of the press. She is scheduled to be here next week to meet with more AOE directors and representatives from the Vermont Principals' Association and the Vermont School Boards Association.

Governor's Statewide School Safety Training Conference: This conference is scheduled for November 20, 2013 at the Sheraton Conference Center, Burlington, VT. Registration is capped at 300 and we are close to that with about 250 registrants. Attendees are a good mix of first responders (state and local police departments, fire and emergency medical teams), school officials and mental health professionals. We are particularly pleased to have had a fair number of registrants from independent schools as we want to make sure they are included in statewide crisis planning efforts.

Education Vermont USA: This organization is a nonprofit 501(c)3 Consortium of Colleges, Secondary Schools, State and Federal agencies, led by Jim Cross, President. I met with Jim on Tuesday and referred him to your office. I will also be connecting him with Senator McCormack and Representative Donovan. I support this program and its intent to promote Vermont as an educational destination for international students at both the high school and post-secondary level and its hope of offering Vermont students the opportunity for quality international education and training abroad. I hope that you will encourage your staff to meet with Jim so that he can share his priorities with you. You can learn more about Education Vermont USA here: <http://www.vermont.org/education> .

Council of Chief State School Officers (CCSSO): Thursday through Saturday Deputy Fischer and I will be attending the Annual Policy Forum, in Richmond, VA. This year's focus is on developing and implementing policies to ensure that every student graduates college and career ready. Sessions and discussion will focus on implementation of college and career ready standards and assessments, including preparing the education workforce to meet these challenges and the state's role in supporting local efforts to ensure all students are college and career ready. Friday Secretary Duncan will join us for a conversation on the landscape ahead for education policy, including waiver renewals, transitioning to college and career ready assessments, and the US ED's priorities through 2016.

Career Technical Education (CTE): Four Vermont regional CTE centers have been selected as pilot sites for a project called the “STEM Equity Pipeline.” These centers are Barre Technical Center, Barre; Center for Technology, Essex Junction; North Country Career Center, Newport; and Patricia A. Hannaford Career Center, Middlebury. The purpose of the project is to develop strategies to increase female student participation and completion in STEM related programs offered in the regional CTE centers through professional development, technical assistance, and access to a national network through The National Alliance for Partnerships in Equity (NAPE). Learn more about the STEM Equity Pipeline here: <http://bit.ly/15dbSCH>.

State Board of Education (SBE): The Board will be meeting on Tuesday, November 19th at Rochester High School. Agenda topics include a discussion of the Windsor Northwest SU report, a review of the EQS revised rules and public comment and a priority work session on effective governance systems. The complete [agenda](#) and meeting materials can be found online: <http://bit.ly/FQxrrE>.



CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: Nov 15, 2013
Re: Weekly Report

Status of Governor's Priorities: .

n/a

Legislative Issues/Contacts:

Met with Rep Ancel to share/explain thoughts about lottery. Good discussion; certainly opposes all aspects. Plans to introduce bill to prohibit lottery sales in certain businesses, and maybe to end lottery altogether.

Press Issues/Releases/Contacts:

n/a

Significant Events/Meetings:

Submitted Keno report to Joint Fiscal Office for meeting on Thurs Nov 21.

Evolving Issues:

Continue to present lottery vending machine for Fast Play games around state. Low attendance due to difficulty in making contact with owners/managers. Very well received by those in attendance.

Summary of Key Agency Department Activity:

Working on transition to new ticket printing vendor, and website improvements for extended play games (2nd Chance from instant tickets).

Executive Director's Commentary:

Commission meeting next Wed. Sales doing well to last year, and just under budget. We received an unusual amount of instant tickets for one month in Oct, and paid our grant funding for VCPG to Dept of Health, resulting in a low net profit – down over \$400K to last Oct, and down over \$200K YTD. Profits are under budget YTD by \$140K which is entirely due to being below our sales goal. We will also likely struggle in Nov compared to last year because of record Powerball jackpot last Nov resulting in over \$1M in extra sales. We should be fine compared to our budget.

OFFICE OF THE SECRETARY

Phone: (802) 828-2657

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Executive Privilege

TO: Governor Peter Shumlin

FROM: Deputy Secretary Sue Minter

DATE: Friday, November 15, 2013

SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Exit 8 Northbound On Ramp

The ramp will open at some point today. Two signs are being installed on the overhead structure this morning and crews are working on getting the ramp swept off. The public will be notified as soon as the ramp is open. Line striping will have to be done after the ramp is open to traffic, either on Saturday morning or next week.

State Action Around Potential Federal Highway Trust Fund Crash for FFY 2015

This week we are responding to a national survey for AASHTO (American Assoc. of State Highway & Transportation Officials), clarifying how we are preparing to address the pending federal transportation funding crisis. (The information may become public). Along with our peers across the country, we are developing contingency plans for a potential cliff dive, should Congress not act to fill the deficit looming for the federal highway trust fund (HTF). Given the likelihood that Congress will not "fill the bucket" until the last moment -- *if at all (!)* -- we need to be prepared. Some 90 projects currently planned for authorization during FFY2015 will be placed on hold until the federal funding picture is resolved. We will need to take action in May, and will discuss legislative strategy around this with you next week.

Transportation Board Challenges

We are becoming increasingly concerned about the recent activities of the Transportation Board, which appear to be directed by its Executive Secretary, John Zicconi. The T-Board appellate review of VTrans decisions regarding disputes in the performance of construction contracts appear to be both acting against the Agency, and exerting authority beyond its statutorily-defined role. This is not only potentially costly to the state (requiring significant settlement money), but is setting a very serious precedent, and capturing the attention of the FHWA who is considering not participating in payments for the disputed cases.

Bennington Signs

Staff continues to work with the Bennington Town Manager, Stu Hurd, to support the community's wish to recognize their championship wrestlers with a legally posted sign. (Note that the sign in question is one of 4 -- the 3 other signs have never been questioned, as they are not on state Right of Way.) We are also working with staff to assure them of your support for our team. Emotions are running high.

NOTES FOR STAFF

JTOC

Brian will be participating in a special meeting of the JTOC to address two items requiring legislative authorization. This meeting will occur just preceding the 11/21 JFC meeting regarding:

1. Approval of rail tiger grant under economic essential provisions (special committee comprised of JFC and 2 Transportation Chairs)
2. Approval of sale of Shelburne surplus property (JTOC)

The Shelburne Road Property was appraised for \$900k in 2011. We have opened bids and high bid was \$411K. Since legislative approval is required for properties “appraised” over \$500k, our attorney advises us to request approval from JTOC prior to executing sales agreement. Alternatives to proceeding with sale include waiting a year or two and rebidding or listing property with a realtor. We believe it is prudent to sell the property now to address our deficit, as we are not in the real estate speculation business. The JTOC review allows the legislature the opportunity to weigh in on this approach.

T- Board issue continued

In a recent case involving replacement of a bridge on US 2 in East Montpelier, the T-Board asserted that it can exercise **primary** jurisdiction over construction claim disputes (as opposed to its appellate jurisdiction). In this case, the contractor filed a claim after the expiration of the claims deadline set out in the contract, and VTrans dismissed the contractor’s claim. When the contractor appealed the dismissal to the T-Board, the Board not only reversed VTrans’ dismissal of the claim, but also ruled that the Board itself now could consider the claim on its merits (instead of sending the claim back to VTrans for initial review).

The Federal Highway Administration (FHWA) recently noted that this is an unprecedented departure from the standard contract language, and warned VTrans that it will not allow federal-aid funds (normally 80%) to participate in any T-Board award of additional compensation to the contractor. The contractor’s claim is for an additional \$350K in compensation, so the hit to state funds could be significant.

We are bringing this to the attention of the AG, for consideration of bringing the T-Board to court. Brian also intends to discuss this dynamic with the Chair.

Federal Funding Continued

Without Congressional action to provide additional funds, it is possible that states may not be able to obligate—or commit— any new federal highway funds in Federal Fiscal Year 2015 (10/1/2014—9/30/2015). Trust fund revenues will be needed to cover reimbursements to states for their expenditures on projects obligated in prior years, so this means that no funding will be available for obligation to new projects, which will effectively cease any new project authorizations during FFY2015. Vermont currently plans to obligate approximately \$190 million in FHWA funds to projects during FFY2014. Therefore some 90 projects currently planned for authorization during FFY2015 will be on hold until the federal funding picture is resolved. This situation could also result in delayed federal reimbursements to states on existing obligations, and lead to serious cash flow problems for states. In Vermont, this could also potentially have an adverse impact on the State’s credit rating.

Some states are already cutting back on their federally supported capital projects during the current federal fiscal year (FFY2014 ending September 1, 2014) in order to stabilize and protect their cash flows. While we have yet to undertake any such actions, we do anticipate taking precautionary actions – including project delays – as early as May of 2014. More on this when we meet with GPS next week.

Motor Vehicle Crash Statistics

Weekly Fatal Crash Count: 11/5 – 11/11 2013

- Wolcott, North Wolcott Road. Single vehicle ran off road, driver fatality. No seatbelt, speed & alcohol were factors.

2013 Fatalities: **54 Total**

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: November 15, 2013

Vermont Department of Health (VDH)

HowardCenter Ruling:

The Environmental Court Judge has ruled in favor of HowardCenter for the methadone program siting. The ruling upholds the status of the clinic as a medical office, not requiring a site plan review in order to operate. No traffic study is required. Since the clinic is a permitted use, the South Burlington School District's motion is denied.

Campylobacter/Chicken Liver Outbreak:

On November 8th, the Centers for Disease Control and Prevention's (CDC's) Morbidity and Mortality Weekly Report describes an outbreak of campylobacteriosis associated with chicken livers. The investigation, led by the VDH, found that five residents from New Hampshire, New York and Vermont all became ill after eating chicken livers, produced at one Vermont poultry farm, that were intentionally undercooked. Six cases in all were identified. This was the first reported multistate outbreak of campylobacteriosis associated with chicken livers.

Alcohol and Drug Abuse Programs (ADAP):

AHS staff detected potential tax irregularities with one of our substance abuse providers, Valley Vista, during a routine financial review for setting treatment rates. AHS staff met with Finance and Management Commissioner Jim Reardon to review the information. The decision was for AHS staff to meet and provide the collected information to IRS staff and State tax staff, since we are not Federal or State tax experts.

Department of Mental Health (DMH)

Legislative Committee on Administrative Rules (LCAR):

Commissioner Dupre met with LCAR members on the Emergency Involuntary Procedure (EIP) Rule proposal on November 14th. The proposal as put forth was not passed by the members.

Mental Health Oversight Committee (MHOC) and House Health Care Committee:

Commissioner Dupre reported to the Mental Health Oversight Committee and Health Care Committee on November 8th. They are recommending 25-beds and full staffing with a startup date of July 1, 2014.

Commissioner Dupre explained that a phase-in would be sounder with eight beds and staff from Green Mountain Psychiatric Care Center (GMPCC) moving over in June, hiring staff in May

with a startup of 16-beds on July 1st. The remainder of the staff would be hired for the 25-beds in July, with all staff being trained and the full facility opened in September.

Committee members, especially Rep. Pugh, did not seem happy with that suggestion. They asked DMH for a complete plan for a July 1st opening which includes all 25-beds. I discussed this with Rep. Heath and Sen. Kitchel and they are more supportive of our plan.

Emergency Room Waits:

Individuals in Emergency Rooms and Corrections continue to wait for Level 1 beds. Due to this issue, there have been some threats of law suits by Disability Rights Vermont. I hope they understand that a suit does not create more Level 1 beds.

Department of Disabilities, Aging and Independent Living (DAIL)

WCAX seeks information concerning Vermonters with disabilities and unemployment rates:

In preparation for its story concerning HowardCenter's "Project Hire", which pairs employees with disabilities with employers, WCAX's Molly Smith contacted the Division of Vocational Rehabilitation for data surrounding disabilities and unemployment rates. Staff directed the reporter to data compiled by Cornell University, which provides information regarding prevalence, employment rates, and other indicators both state and national.

Rowan Court Health and Rehabilitation Center (Rowan Court) faces Immediate Jeopardy:

Pursuant to its federal authority, the Survey and Certification Unit within the Division of Licensing and Protection (DLP) is preparing to cite Rowan Court with Immediate Jeopardy. Rowan Court, located in Barre, is a care center that provides short-stay rehab, long-term care, respite and hospice services. The violation stems from the facility's failure to provide the required care to a resident after a fall. The resident suffered serious injury, and the facility failed to provide a follow up assessment. The resident subsequently died. This represents the third Immediate Jeopardy at Rowan Court in 2013.

Department of Finance and Management seeks response to anticipated impact of U.S.

Department of Labor rule:

The Vermont Council of Developmental and Mental Health Services (the "Council") submitted its position paper to the Department of Finance and Management, in which it asserted that as a result of the narrowing of the definition of "companionship services" under the Fair Labor Standards Act (FLSA), services provided through adult foster care under the Developmental Services (DS) system would no longer qualify for an exemption, and consequently, shared living providers would be entitled to receive minimum wage and overtime. The Council estimated the fiscal impact to the DS system alone to be in excess of \$89 million/year. DAIL responded that maintaining the status quo would likely result in a fiscal impact, although it is premature to speculate as to the extent of such an impact so long as there are options available to avoid or mitigate the scope of any such impact. DAIL has identified staff within the Department, as well as individuals at DMH, VDH, DCF, Green Mountain Self Advocates and the Council, who will meet for the first time on December 4th to identify the issues and discuss viable solutions.

The American Federation of State, County and Municipal Employees (AFSCME) seeks to commence collective bargaining on behalf of the independent direct support provider workforce: Having been elected as the exclusive representative of the independent direct support provider workforce, AFSCME has identified its chief negotiators and has expressed an interest in commencing collective bargaining. Secretary Spaulding convened an internal meeting, during which it was decided that the State would contract with its own chief negotiator. This message has been communicated to AFSCME's negotiation team. DAIL will engage in additional conversations with AFSCME to ascertain the union's principal objectives. Further, DAIL staff will be gathering data for the State's negotiator to demonstrate the wages provided to this workforce in recent years. AFSCME's negotiators have expressed a desire to meet several times in December to negotiate, among other things, economic issues and fair share; they have proposed meeting again in the spring of 2014 to continue discussions around non-economic issues. It is anticipated that the State's chief negotiator will require input from DAIL's subject matter experts. DAIL will need to assess the impact of diverting its staff resources to the negotiation table.

Department of Corrections (DOC)

Corrections Oversight Committee (COC):

On November 12th, the COC met for its fourth meeting. The topics included the suicide in Newport in August and the status of the investigations surrounding this event. This meeting was covered by multiple media outlets. The next meeting will be held on December 12th.

Prior to the meeting, the Defender General issued his report to the media. The VSEA also issued the results of a survey conducted on DOC staff.

The DOC has followed up with the COC with this response:

At the November 12, 2013 Corrections Oversight Committee meeting, two reports were submitted to the Committee, one by the Defender General's Office and one by the VSEA. I would like to provide some background and comments on a couple components of each report.

1) Defender General's Report on Robert Mossey

In regards to the DOC's use of inmate cleaners, the Department utilizes cleaners for general facility maintenance and also has a cadre of bio hazard trained inmates at each facility. These inmates receive specialized training as well as equipment to deal with sites deemed by Corrections staff as bio hazardous. This is a long standard practice of the DOC and allows for the swift cleanup of areas within the facilities. Speed is essential to maintaining the security and safety of facilities. We are working with DHR on their investigation to determine whether this area was deemed bio hazardous and if that decision was appropriate.

During the discussion, Senator Sears raised the concern that there was a time lapse during this event, specifically the time between discovering the closet door would not open and when a headcount was conducted. The DOC has a long standing practice of allowing

inmates fairly wide movement windows. This allows the inmates more freedom and was implemented to accommodate programming, medicine distribution, meal time and other daily activities. Headcounts are scheduled at certain intervals throughout the day to coincide with major movement intervals. We are in the process of revisiting this practice to see if we can tighten up our movement while not interfering with programs and the operation of the facility.

2) VSEA Survey

Over the past few years, in collaboration with the Legislature, the DOC established 24 new correctional officer positions to offset overtime and the use of temporary staff. In fact, our turnover rate amongst staff dropped from 15.8% in SFY 05 to 10.8% in SFY 13. While 10.8% is still high, we are making progress.

We have engaged with Ira Sollace, our former financial director, to produce an analysis of the use of correctional officers, temporaries and overtime within the DOC to help us understand any potential improvements. Staff safety and morale are a high priority for the department. We are committed to understanding the use of temporary staff and its impact on the work environment.

If you have any questions, please let me know.

Temporary/Overtime Spending:

Historically, the DOC uses temporary correctional positions to staff its correctional facilities. This is a practice that was generally established by reducing full-time equivalencies (FTEs) during the design phase of the facilities, only later to learn that more positions were needed to safely staff the building. The DOC is working with Ira Sollace, our former financial director, to analyze the amount of temporary and overtime spending within the Department. Ira is trying to determine whether it makes fiscal sense to establish a certain number of FTEs to replace the temporary and overtime spending. We anticipate Ira's work to be completed within the next two weeks.

Population:

The department's incarcerated population averaged 2,116 for the previous week. The male population averaged 1,951 with 378 being presentenced inmates. The female population averaged 165 with 53 being presentenced inmates.

Department for Children and Families (DCF)

Fragile I.T. Environment Impacts DCF Work:

As we continue to build the I.T. system needed for Vermont Health Connect and tie it to our legacy ACCESS system, we enter a critical period where unintended consequences can occur due to the way the ACCESS system has been added-onto over the years. Layers and layers of program code are intertwined with each other creating a fragile environment.

A recent example of this occurred when part of the health care system was changed. This started a chain reaction so that cases in the child support system that were also in ACCESS were

incorrectly characterized as “non-public assistance”. In turn, when child support payments were received, they were issued to Reach Up Family Assistance (RUFA) households instead of being retained by the Economic Services Division (ESD) to offset Temporary Assistance for Needy Families (TANF) benefits. Although work is being done to prevent this in the future, Office of Child Support staff need to work overtime to manually fix the cases and test the fixes.

We are directing our DCF I.T. staff away from day-to-day programming needs to monitor the work the contractors are doing to help prevent these unintended consequences. One of the casualties of this staff redirection may be the I.T. work that needs to happen in Reach-Up. The new 60 month maximum time limits require a complex counting of time that recipients have been in the program. Some months in the program are countable toward the time limits, and some are not (deferred medical leave for example). A software change would greatly increase our ability to count time but the code work in ACCESS is complex and staff are unable to focus on it right now. If we are forced to hand tally the countable months there is high likelihood of errors, it is a time drain on our staff and Legal Aid will appeal terminations if they think the calculations are not accurate. We will keep you posted on this as the time limits need to be enforced starting in May.

Fuel Assistance Program:

As of November 13th, seasonal fuel assistance benefits of \$16,250,000 have been issued to 20,834 households. This is an average full-season full-fuel-liability benefit across all fuel types of \$780 (compared to last season’s average of \$898).

As directed in the SFY2014 Big Bill, fuel price leveraging plans were implemented for all Oil, Propane and Kerosene (O/P/K) purchased with Fuel Assistance funds. Two leveraging plans were implemented: Margin Over Rack (MOR), where the State sets the price, paying 50 cents per gallon over the “rack” (wholesale) price of O/P/K adjusted daily; and Discount Off Retail (DOR), where the dealer sets the price, which provides a 15 cent per gallon discount in addition to their regular discount for cash or prompt payment.

Regrettably, as a result of the O/P/K leveraging implementation, some fuel dealers made the private business decision to leave the Fuel Program and their low income clients. To date the Fuel Office has re-certified 159 Dealers that serve approximately 94% of fuel assistance recipients. Thirteen dealers left the program citing the required price plans. This affects 1,495 customers (6% of fuel assistance recipients) and is \$1,241,000 in guaranteed gross receivables. At this time, approximately 830 clients have not advised DCF of their new certified dealer. Of these, 250 heat with propane where the switch to a new fuel supplier is more problematic and requires a tank installation fee. The Fuel Office and staff from the AAG’s Consumer Assistance Program are in contact with clients and dealers to ensure that Vermont’s propane law, CF111 protects the interests of all parties.

The crisis fuel component, administered by the five community action agencies, will begin on November 25th. This year, two key changes have been made to the crisis program. First, by statute change, the maximum of three crisis grants per winter has been replaced with one allowed crisis grant and only after the consumer receives a seasonal fuel grant. Clients that are over-income for seasonal fuel assistance may receive two crisis grants per winter under the statute change. This re-allocates \$1.4 million in funds to seasonal fuel benefits and translates into an increase of \$56 to the average benefit. The second change to the crisis fuel program, not

established in statute or department rules, is “after-hours” coverage. Access to assistance from 5:00 p.m. to midnight Monday through Friday, and 8:00 a.m. through midnight Saturdays, Sundays and State holidays is no longer available. Beginning November 28th, clients will have access to crisis services from 8:30 a.m. to 4:00 p.m. on Saturdays, Sundays and State holidays as well as during normal business hours.

Department of Vermont Health Access (DVHA)

Corrections Oversight Committee:

On November 12th, Deputy Commissioner Lori Collins and Policy Director Selina Hickman testified at the Corrections Oversight Committee regarding Medicaid eligibility for inmates. The DOC, DCF and DVHA have been partnering to make sure that inmates are re-enrolled in Medicaid as swiftly as possible once released from incarceration.

One piece of this puzzle is the move to “Suspend” rather than “Terminate” eligibility once someone enters a DOC facility. This language has been changed in the DCF eligibility rules effective January 1, 2014; however our ACCESS system will not be able to support this IT change until a later date. At this time we do not know exactly when the change can be made; however DCF and Blueprint have been partnering with DOC to expedite eligibility and have a standard of 24 hour turn-around on enrollment for discharged inmates.

Vermont Health Connect security:

This week DVHA has a Freedom of Information Act (FOIA) request from David Gramm with the Associated Press (AP) requesting all information about any security breaches we have experienced, and information about our reports to the Centers for Medicare and Medicaid Services (CMS). DVHA is working to clarify the request and provide the information.

Provider Tax Update:

The hospitals filed their respective briefs on November 6th. DVHA has 30 days from the 6th to file its response briefs. The hospitals’ briefs generally restate their arguments presented at the reconsideration hearings in February. AAG Jon Alexander with the AG’s Civil Division in Montpelier has been assigned to assist with the appeals including briefing and oral argument.

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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: November 15, 2013

Secretary's Top Issues

National Level Safety - Matt Wood, Certification and Training Specialist of ARM aided NIOSH (National Institute of Occupational Safety and Health) on Thursday morning (Nov 7th) with an hour long interview on pesticide applicators, pesticide safety, and personal protective equipment (PPE) use.

Pesticide Misuse Update

Outreach Completed - Vermont has completed the outreach to potentially affected residents back to 2009. Outreach included letters, phone calls, media coverage, and/or door to door visits. Should additional homeowners or renters want their homes tested, VT will continue to offer free sampling and laboratory analysis.

Clean-up methods identified - Working with the EPA, Agency has been successful at cleaning up higher level chlorpyrifos detections (Categories Cs and Ds) using a multi-step process. For lower level of contamination (Category Bs), a method on how to clean up lower level contaminated homes have been provided to homeowners. VT continues to offer follow up testing once cleanup has been completed by the homeowner to "clear" the home.

Pesticide Misuse Universe defined

To date Agency has results for 181 locations with detections above Vermont's level of concern in 41 (23%). Of the 41, 16 are above the EPA's action level. Agency is waiting for lab results on approximately 5 homes. In September the EPA committed to cleaning 11 Vermont homes contaminated with chlorpyrifos above their action level. Now that outreach is complete and almost all of the samples have been analyzed, EPA Region 1 is expected to ask EPA headquarters for permission to clean the additional 6 (possibly 7) homes.

Food Safety Modernization Act - Abbey Willard, Local Foods Administrator and Shelley Mehlenbacher, Assistant State Veterinarian finalized and submitted the Agency's official comments on two FSMA rules – Preventive Controls and Produce Safety. The internal Agency FSMA group will be meeting later this month to discuss the new Animal Feed Rule.

Cervids - State veterinarians and Meat Inspection Program managers met with VAAFM legal counsel, Fish and Wildlife personnel, a non compliant cervid producer, and his legal counsel on November 14th in order to discuss a proposed business plan from him to raise cervids and domestic livestock on property owned by 30 or more individuals and allow them to be slaughtered in a custom slaughter facility operated by him.

Emergency Training - The Agency held a tabletop exercise this week to test the SOPs for the Ag emergency operations center. The exercise scenario involved contaminated livestock feed dispersed in Vermont. Ross Nagy from Emergency Management/Homeland Security evaluated and provided feedback.

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TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: November 15, 2013

Status of Governor's Priorities:

Jobs in Agriculture

Press

National Safety Training - Matt Wood, Certification and Training Specialist of ARM aided NIOSH (National Institute of Occupational Safety and Health) on Thursday morning (Nov 7th) with an hour long interview on pesticide applicators, pesticide safety, and personal protective equipment (PPE) use. Snippets from the interview will be used in conjunction with interviews of applicators, educators and regulators from all over the country to produce a short video on pesticide safety and reducing applicator exposure. The video will be widely available via the NIOSH website at some point next year.

Recent Press for Working Lands Initiative

[Working Lands Enterprise Board Announces Grant Applicant Information Sessions](#)

[Working Lands Enterprise Board Announces over \\$1 million in Available Grant Funds](#)

[Vermont Working Lands Enterprise Board Announces Two New Board Members](#) (VermontBiz.com)

Significant Events/Meetings:

FSMA - Abbey Willard and Shelley Mehlenbacher finalized and submitted the Agency's official comments on two FSMA rules – Preventive Controls and Produce Safety. The internal Agency FSMA group will be meeting later this month to discuss the new Animal Feed Rule.

Pet Shop -Animal Health designed an updated Pet Shop application – the application needed to incorporate the changes made to the Pet Merchant statutes by Act 30 – an act relating to the sale, transfer, or importation of pets.

Cervids - State veterinarians and Meat Inspection Program managers met with VAAFM legal counsel, Fish and Wildlife personnel, a non compliant cervid producer, and his legal counsel on November 14th in order to discuss a proposed business plan from him to raise cervids and domestic livestock on property owned by 30 or more individuals and allow them to be slaughtered in a custom slaughter facility operated by him. There will be additional follow up on this issue by both state agencies as it evolves.

Emergency Training - The Agency held a tabletop exercise this week to test the SOPs for the Ag emergency operations center. The exercise scenario involved contaminated livestock feed dispersed in Vermont. Ross Nagy from Emergency Management/Homeland Security evaluated and provided feedback. These exercises should be held at least twice annually to ensure that employees remain familiar enough with ICS and internal agency procedures to apply them in real emergency situations. Taking ICS 100 and 200 and remaining familiar with DisasterLan are also critical.

Evolving Issues:

Federal Reporting - Animal Health is to working on submission to USDA of the annual non-Federal contributions for cooperative programs report. Language included under Federal Appropriation Acts states: "no funds shall be used to formulate or administer a brucellosis eradication program for the current fiscal year that does not require minimum matching by the states of at least 40 percent". This language necessitates the reporting of both Federal and non-Federal obligations to the congress. Both houses of congress request identical information for all other cooperative projects each year during the budget hearings. This information is provided in the form of a "Project and Geographic Distribution" report of federal and non-Federal obligations for the immediately preceding fiscal year. Completion of this report involves a significant amount of time for the AH Administrative Assistant and the Assistant State Veterinarian.

Tuberculosis - Animal Health worked with a quarantined dairy farm to locate a slaughter facility for the farm's calves. Transport of the calves will likely be to either Athol MA or Utica NY in a sealed trailer involving coordination with FSIS, destination and receiving state agencies of agriculture, and the slaughter plant.

Summary of Key Agency Department Activity:

Administration

Deputy Secretary Bothfeld chaired the Ag Advisory Committee of the VT housing and Conservation Board. 35 applications for agricultural land conservation were reviewed and narrowed to 20 to move forward through the granting process. Many of these projects will allow for the transfer of land to the next generation and in some cases new owners. Soils were one of the limiting aspects for the applications with the majority of the soils being of statewide significance and a limited quantity of the best prime ag soils. For the growing ag economy in VT, conservation of significant ag resources of prime ag soils become ever more important.

H.448 and 449 - Deputy Secretary Bothfeld (on the phone), Assistant Attorney General Zamos, Legal Intern Durdy, and Chief Policy Enforcement Officer Smith, met with representatives of Natural Resource Board and other stakeholders representing the development community and conservation organizations, as well as, Rep. Will Stevens to discuss potential changes to legislation introduced last year (H.448 and H.449) which attempted to clarify ACT 250 Criteria 9(b) addressing primary ag soils. Discussion included:

- Narrow the definition of onsite primary agricultural soils
- Provide more flexibility with respect to mitigation options for proposed development located outside of growth centers

Hochland Dairy – Deputy Secretary Bothfeld met with Pat Moulton and Jeff Lewis of Brattleboro area development corporation along with two representatives from German Company Hochland Dairy to discuss the dairy industry in Vermont and nationally as this company contemplates a US presence. Deputy Secretary Bothfeld discussed milk prices, milk volume and availability and national dairy politics. Hochland has a relationship with Erghman Dairy also from Germany who is a key investor in Commonwealth Dairy.

Agricultural Development

Working Lands Enterprise Board (WLEB) UPDATES

The Working Lands staff hosted a series of applicant information sessions/webinars, that reached a total of 118 plus potential applicants, to answer questions and inform applicants of the Working Lands grants eligibility, criteria, and application process:

- Oct. 21, 2013 – **County Forester Information Session** – 10 participants logged onto webinar
- Nov 4, 2013 - **Service Provider Applicant Information Session** – 23 participants logged onto webinar, 2 participants attended in Montpelier at the Agency of Agriculture
- Nov 5, 2013 – **Enterprise and Capital and Infrastructure Applicant Information Session** – 27 participants logged onto webinar, 3 participants attended in Montpelier at the Agency of Agriculture, 2

participants attended in Rutland at the Rutland Area Farm and Food Link, 15 participants attended in St. Johnsbury at the Northeast Vermont Development Association, and 3 participants attended in Swanton at the Franklin Grand Isle Workforce Investment Board Training Center

- Nov 6, 2013 – **Enterprise and Capital and Infrastructure Applicant Information Session** – 24 participants logged onto webinar, 1 participant attended in Montpelier at Agency of Agriculture, 8 participants attended in Brattleboro at the Brattleboro Development Credit Corporation

Food Safety and Animal Health and Consumer Protection

Animal Health Updates

- Assistant State Veterinarian Shelley Mehlenbacher participated in the practical exam of a newly certified Euthanasia Technician at the Central Vermont Humane Society and proctored the written exam for a candidate in training.
- Completed dairy biosecurity surveys in Waterbury
- Completed a tissue residue inspection in Shelburne and Barre
- Attended the Addison County Commission Sales for ADT compliance and Marketing report.
- Met with a dealer whose bond had expired to bring him into compliance

Meat Inspection

- Conferred with individual in Randolph Center interested in developing a state inspected poultry slaughter operation processing his own birds as well as offering private label inspected slaughter for other poultry producers
- Conferred with individual from Fairlee that currently has a custom processing plant interested in developing a custom slaughterhouse to be able to sell livestock raised by him and then offer custom slaughter services to the new animal owners as well as allowing individuals to bring animals of their own raising to the facility for custom slaughter
- Conferred with individual in Londonderry that is currently a custom processor and retail shop that is interested in developing a state inspected smokehouse
- State inspected poultry plants have increased their slaughter days to accommodate the Thanksgiving demand
- Completing the USDA – FSIS self assessment

Meat Inspection Compliance activities

- Continuing to investigate several cases of irregularities associated with the new on farm slaughter exemptions
- Investigating complaint of uninspected meat pies being sold at a craft show

Agricultural Resource Management

Pesticide Misuse Outreach Completed

Vermont has completed the outreach to potentially affected residents back to 2009. Outreach included letters, phone calls, media coverage, and/or door to door visits. Should additional homeowners or renters want their homes tested, Vermont will continue to offer free sampling and laboratory analysis.

Pesticide Misue Clean-up methods identified

Working with the EPA, Agency has been successful at cleaning up higher level chlorpyrifos detections (Categories Cs and Ds) using a multi-step process. Each home will present unique characteristics and the process will be modified accordingly. After cleanup occurs in each of the residences, samples will be taken to “clear” the home. For lower level of contamination (Category Bs), a method on how to clean up lower level contaminated homes have been provided to homeowners. Vermont continues to offer follow up testing once cleanup has been completed by the homeowner to “clear” the home.

Pesticide Misuse Universe defined

To date Agency has results for 181 locations with detections above Vermont's level of concern in 41 (23%). Of the 41, 16 are above the EPA's action level. Agency is waiting for lab results on approximately 5 homes. At the current rate of detection in non-bed bug jobs (17%), Agency estimates 1 more home above Vermont's level of concern which may or may not be above the EPA level of action. In September the EPA committed to cleaning 11 Vermont homes contaminated with chlorpyrifos above their action level. Now that outreach is complete and almost all of the samples have been analyzed, EPA Region 1 is expected to ask EPA headquarters for permission to clean the additional 6 (possibly 7) homes.

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

- Staff conducted compliance follow-up on three and technical assistance visit on a MFO in Franklin County regarding the BMP (best management practice) program for several water quality concerns.
- Staff conducted vegetative buffer evaluations on three MFOs in Addison, Rutland and Bennington Counties.
- Staff conducted one MFO facility inspection in Franklin County.
- Staff is working with grantees in the Capital Equipment Assistance Program (CEAP) to verify equipment purchases, implementation and make program payments. Staff visited one small farm to look at equipment purchased through the program.
- Staff is processing Farm Agronomic Practices (FAP) grant program payments for farms that implemented winter cover cropping and manure injection on annual cropland.
- Staff are working with colleagues in house and with partners to design and implement water quality BMP projects on MFOs and LFOs.
- 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. Staff are also working on compiling information related to LFOs that require permit amendments. Permits are being drafted for MFOs that intend on becoming LFOs.
- 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. Staff are preparing to conduct three AAP complaints in Rutland County.

Conservation Reserve Enhancement Program (CREP):

- Met with VT Gas Systems field staff to delineate pipeline corridor through small farm in Georgia that was interested in CREP and has signed up for EQIP. Unfortunately, the presence of the pipeline and management of the ROW won't allow for the planting of a forested buffer and thus the makes the land ineligible for CREP. The degraded stream crossing and livestock exclusion will need to be addressed in EQIP or via State BMP program or VACD assistance.
- Met with MFO in St. Albans to expedite application to NRCS EQIP program for various conservation practices.
- Small farm visit with NRCS and VACD staff in Cambridge to discuss various approaches to address multiple water quality issues combining CREP, EQIP, and VACD cost share funding. Performed field work to inform CREP and EQIP projects. Contacted two contractors to come to farm to give estimates for needed work.
- Performed second part of site visit to small farm in E. Johnson to assist NRCS with EQIP planning and evaluate CREP/River Corridor Easement potential for farmland damaged by spring flooding along Gihon River.

Ag Resource Management Enforcement

- Three farmers will receive "demand letters" to request repayment of state incentive payments on terminated Conservation Reserve Enhancement Program (CREP) contracts. Hearings have been scheduled for December 17.

- A small farm in Newport Center will receive a cease and desist order for violations of the AAPs. The manure pit has been allowed to overtop, resulting in manure running off over property lines. This exact situation occurred last April (2012). The farmer was awarded a grant by the Vermont Association of Conservation Districts to repair the pit and create a clean water diversion ditch. It is disappointing that he is again in violation of the AAPs. A hearing in connection with the issuance of the cease and desist order has been scheduled for Dec. 5.

Secretary's Comments

EVENTS

Trade Mission to China, Food Export Midwest and Northeast and NASDA, Hong Kong, Guangzhou, Chengdu and Shanghai: Sec Ross is leading an agricultural trade mission in his role as President of NASDA, Board member for Food Export Northeast and as Secretary of Agriculture, Food and Markets. He accepted the award for best gin at the Hong Kong Wine and Spirits Show, has been meeting with USDA Agricultural Trade Office officials in each city and been assisting Vermont businesses make contacts with Chinese officials and importers and distributors. Caledonia Spirits, the Vermont Cheese Council and Bascom Maple have had an educational and productive experience. Many potential trade opportunities have been initiated and many others are likely to develop with follow up work after returning home. VAAFM will be developing a full report on the opportunities, lessons and prospects going forward. Sec Ross will be returning to VT on Nov 19th.

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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: November 15, 2013

Subject: ANR Weekly Report

Governor Level Issues:

Village of Waterbury Phosphorus Removal: You will see on your desk next week a state grant in the amount of \$5.885M for a major upgrade of the Village's Wastewater Treatment Facility. The project is still in need of additional funds, which we hope to secure in 2014 through reallocation/adjustment of capital funds. The current estimated funding gap is \$400K.

Meeting with City of Rutland and Friends of Combination Pond: At the request of Rutland City, Watershed staff assisted in a presentation of information to the "Friends of Combination Pond" group who are upset with the City's MS4 settlement agreement to seek removal of the pond's dam. Staff and the City presented a coordinated message that focused on the areas of agreement between Rutland and the State. The meeting turned slightly confrontational but was largely cordial.

Youth Deer Hunting Error- Pony Shot: A pony was shot and killed in Eden by a youth deer hunter this weekend. The youth had observed two deer running in a field. Due to the topography of the field the deer would disappear and reappear as they ran. When the youth observed what he believed to be the top of a deer's back in the field near where the deer were last observed he fired. Unfortunately, what he saw was the back of a pony that had gotten out of its pasture and was feeding in the field. The pony was killed instantly and the hunters did the right thing by immediately reporting the incident. Both Fish and Wildlife and State Police investigated the incident, it remains to be seen if the state's attorney will suggest charges under the circumstances

EVERYTHING ELSE:

Legislative Issues/Testimony:

AT&T Cell Towers: Mike O'Grady, legislative counsel, contacted DEC about concerns expressed by an AT&T attorney to Representative Deen regarding the need for water/wastewater permits when a landowner leases a portion of their land for a cell tower. We drafted a procedure on this topic last summer, and shared that with the attorney. The procedure effectively provides a simplified permitting process that will be applicable to most of these types of land leases.

Seymour Lake Dam: Staff received a call from a law clerk at Legislative Council who is doing research on the history and management of the Seymour Lake Dam. Apparently the Seymour Lake Association is seeking legislative intervention in its disagreement with the Agency on operation of the dam.

Press Issues/Releases:

Universal Recycling Press Conference: Standing with kids at Main Street Middle School and joined by Tony Klein, CVSWMD and Casella and Meyers Hauling we unveiled our new symbols for recycling, food waste and trash. These symbols will be used as part of the roll out of our new universal solid waste law. A special thanks to the chief marketing officer in ACCD for helping us develop the great new logos.

Lake Champlain TMDL: DEC staff taped a 30-minute interview about the Lake Champlain Phosphorus TMDL on local access television in St. Albans. Staff talked about the phosphorus problem and its sources, the TMDL concept, and the actions we need to take to reduce phosphorus. The piece will air later this month and will also be posted on Vimeo by the Friends of Northern Lake Champlain.

Cyanobacteria: James Ehlers of Lake Champlain International wrote an opinion piece on cyanobacteria in Missisquoi Bay for the Burlington Free Press (BFP). Joel Baird of the BFP is writing a companion article. Ehlers interviewed a DEC staffer on our cyanobacteria monitoring program, the toxins for which we test, and the ecology of cyanobacteria. Our staff provided him with a copy of the 2012 final report for the program and a few photos of cyanobacteria.

Rifle Deer Season Starts Saturday, Nov 16: Hunters are gearing up for the start of Vermont's statewide traditionally popular 16-day rifle deer season that begins Nov 16 and ends Sun, Dec 1. A hunter may take one buck during this season with at least one antler having two or more points one inch or longer. A point must be one inch or longer from base to tip. The main beam counts as a point, regardless of length. Spike-antlered deer, mostly yearlings, are protected during this season.

Hunters Spend \$292 Million in Vermont: F&W reports that hunters contribute significantly to the state's economy and spend more than \$292 million in Vermont annually, according to a recent survey by the U.S. Fish and Wildlife Service and U.S. Census Bureau.

Exotic Fish Species Found in North Montpelier Pond: An East Montpelier man discovered something unusual while fishing outside of Montpelier last week. An exotic fish species known as a clown knifefish, native to Southeast Asia, was found dead near the boat ramp.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

Outdoor Wood Boiler Change-Out Program Closeout: The Outdoor Wood Boiler Change-Out Program will be closed out. Nov 1, 2014 will be the deadline for funding change-outs. At the conclusion of the current heating season, DEC staff will mail Notices of Alleged Violations to the remaining Priority Outdoor Wood Boiler owners notifying them of the final date for supplemental funding, restating the retirement provision of 10 V.S.A. § 584, and that failure to retire their uncertified boiler will result in an enforcement action involving monetary penalties.

Emerald Ash Borer Controls: We are working with FPR to proactively address the regulation/permitting of the possible need for firewood heat treating systems. With the impending spread of the Emerald Ash Borer, infected counties may be quarantined and firewood from those counties may not be sold outside the local area without first heat treating it to kill the pest and prevent further spread of the insect. The heat treating would likely be done with small wood boilers or Outdoor Wood Boilers.

Hydro Projects on Connecticut River: DEC staff participated in a conference call to discuss the sites selected by TransCanada for the Riverbank Erosion Monitoring study being conducted as part of the FERC relicensing for the three hydroelectric projects on the Connecticut River. The sites will be monitored over the next two years. TransCanada plans to begin the monitoring study this month. Riverbank erosion is a major concern of many of the communities and landowners along the river, possibly caused by operations that fluctuate the project impoundments.

Morrisville Water and Light Hydro: FERC issued a notice that it has accepted Morrisville Water and Light's License application and that the project is ready for environmental analysis. The Agency will have 60 days to respond with preliminary terms and conditions. Additionally, we expect that Morrisville will be filing its application for a water quality certification within this time period. Currently, we are still working with Morrisville to come to an agreement on bypass flows at the project.

LLC model E4 Outdoor Wood Boiler: The Air Quality Division Field Services Section has recently reviewed and approved a Wood Boiler, LLC model E4 Outdoor Wood Boiler for sale in Vermont. The test results indicate that the Model E4's particulate matter emissions were 0.25

lbs/million BTUs of heat output (year round weighted average), which is lower than Vermont's Phase II emission limit of 0.32 lbs/million BTUs of heat output.

Gasoline Spill, Simon's Store (Winooski): DEC received a report of a 10-gallon gasoline spill at the Simon's Store in Winooski. A bulk transport truck was delivering gasoline when the driver noticed gasoline overflowing out of the fill pipe of a nearby tank. He immediately shut off the delivery. The gasoline flowed over the paved surface, into a stormwater catch basin. Because Winooski is the only municipality in Vermont that requires all gas stations to have their storm drains connected to oil/water separators, the gasoline was captured there. A cleanup contractor has been hired.

Meetings with Public on Universal Recycling (Act 148): There have been a number of public meetings this week; Chittenden Select Board, Central VT Solid Waste Management District, and haulers meeting. Upcoming meetings include VT Grocers Association, the Healthy Hospitals Initiative, and International Executive Hospitality Association.

Paint Runoff to Stream in Rutland: DEC Watershed Management staff received calls regarding paint spilled into a stream in West Rutland as a result of VTrans paint application during the rain. The incident was referred by Stormwater staff to VTrans Environmental. Waste Management & Prevention Division's Spill Team was also contacted.

Fish and Wildlife

Youth deer hunting weekend: The youth weekend was busy for the warden force. Unfortunately, in some regions of the state "road hunting" appears to be the common course for beginning hunters. Wardens were busy responding to the accompanying complaints such as "shooting from roadways" and lack of landowner permission.

Hunter related shooting: Preliminary investigation suggests a squirrel hunter inadvertently discharged his shotgun into his foot shooting off several toes. The investigation into the circumstances is continuing. This is the first hunter-related shooting this year.

Hunter Education: Staff taught a very special hunter education course for a 10 year old boy named Konner Drury. Konner has been battling cancer for several years, and throughout his fight it seems there has been one solitary light at the end of the tunnel: hunting. Since his father isn't in the picture, Konner's grandfather has been his hunting mentor since he began shooting at 5 years old. Doctors at the hospital say that the only positive Konner talks about during his chemo sessions is the possibility of going out hunting with his papa. Konner passed with flying colors (only missing one question on the exam) and exhibited excellent muzzle control. We wish him well this youth weekend.

Natural Resources Board Meeting Presentation: At the NRB annual meeting, staff made a presentation to the Board and district commissions on habitat fragmentation, landscape connectivity, the importance of these factors in conservation, and their application to the Act 250

process. There was a lot of interest in these topics by the group. These are also two of the factors for which ANR is working on possible revisions to Act 250.

New Fish Trap: Staff discussed the design of the fish trap on Hatchery Stream at the Ed Weed Fish Culture Station. A contract has been awarded and the trap may be installed this fall. Landlocked Atlantic salmon will be captured as they return to Ed Weed FCS.

Impacts of Stream Crossings on Aquatic Resources: Staff met with the board of The Nature Conservancy to discuss the impacts of stream crossings on aquatic resources. The Department has provided State Wildlife Grant funding to TNC for culvert assessments to determine the status of aquatic organism passage. The TNC board was interested in better understanding the significance of this issue and the benefit of conducting these assessments. A broader understanding and engagement in aquatic organism passage by other organizations will assist the Department in meeting its mission of protecting aquatic populations and their habitats.

Forest, Parks and Recreation

Parks Construction Projects: Several state parks capital construction projects are progressing quickly this fall due to favorable weather. The Mount Ascutney camping improvements, the Burton Island marina dock construction, and a variety of smaller projects are all well underway. The Fort Dummer vegetative management project should begin soon, and the architect for the major renovation of the Bomoseen State Park day use area and bath house was selected this week.

National Woodland Owners Survey: The Forestry Division is working with the US Forest Service on an expanded woodland owner survey for Vermont. This will allow us to augment the core questions asked in every state with specific questions to assist in program delivery and improved services to forest landowners in Vermont.

Conservation Education Updates: Some of the current projects being worked on by Conservation Education staff include: touring the Little River State Park history hike area, along with the contractor selected for the hike's interpretive panels, to decide on panel content and placement; working with State Parks staff on next year's Venture Vermont outdoor challenge, which will be in its sixth year and will have a new look and lots of new content; providing curriculum development support to an Urban and Community Forestry intern who is working on a tree benefits curriculum; planning for the upcoming Project Learning Tree facilitator training in Bennington; and preparing an article for the November state parks newsletter.

Planning and Legal Affairs

Ryegate Biomass plant: Ryegate is seeking to amend its operations under section 248 so it can add pollution control equipment that will enable the plant to qualify for Class 1 Connecticut renewable energy credits (increasing the value of the credit ten fold!) The controls will lead to significant emission reductions from the plant, but also raises the question of whether the plant

should also be meeting the new wood procurement standards that the Agency required as part of the North Springfield biomass plant application. The Agency will work with the Public Service Department to understand the implications of this and develop a proposal.

Information Technology

DEC Business: IT Process Improvement Initiative team held their 1st meeting. Bob Hammerl and Jean Nicolai are working with the IT Supervisors and members of the DEC IT Improvement team to improve communications, identify areas needing improvement with the IT-Hybrid staff, and will use this group to vet ANR's new IT Governance plans as they evolve.

Given the DII **Oversight Project Management** focus on project managers and the impact (risk) and potential costs associated with agencies lacking certified PMs it makes sense for most if not all agencies to have these resources in-house. The process is set up to identify projects over \$100K and assign a higher risk rating and a potentially higher OPM cost to the project if the department lacks a certified PM in-house. We are asking DII to provide training to all state agencies to help meet these requirements. DII is considering it.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: November 15, 2013

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

VY: I completed a “straw” draft proposal on Thursday to address issues raised in Entergy’s October 16th draft and our concerns, and put money in there for review by the internal team for the first time. The draft is in review with Counsel (Sarah), AGO and Wilmer-Hale. Also reviewing AGO smaller settlement of tax case. Liz and I had a call with Twomey today in prep for discussion next week between you and Bill Mohl. Problems may be insurmountable as trust is lacking, taking action makes us vulnerable to criticism – even if we get it right, and information is lacking on some important aspects such that we might be getting it wrong. At VSNAP meeting yesterday evening – comments overwhelmingly supporting moving quickly to move spent fuel and decommission the site. Spent Fuel is what people are most concerned about. Regardless of progress or lack thereof on a settlement, we need to file a response to the Board by the 22nd.

North Springfield Sustainable Energy Project (Springfield Biomass) Docket 7833: The Board’s hearing officer issued a Proposal for Decision on 11/8/13 recommending denial of the petition

for a Certificate of Public Good on the grounds that the project's truck traffic would interfere with the orderly development of the region (criterion § 248(b)(1)) and was in conflict with the Town Plan for the Town of Springfield. The hearing officer focused on the number of truck trips per day, the limited number of roads leading to the facility and the fact the narrowness of the roads would create 'conflicts' at a particular intersection when a truck turning into and out of the road leading to the facility encountered another truck. The hearing officer declined to condition the CPG on the construction of a new road, because any such road would need to be built on private property. We are meeting in PSD to discuss. Comments are due on 11/25/13.

Ryegate Biomass: I met with ANR this morning to discuss their desire to require biomass harvesting standards (ala Springfield) as part of the opening on their CPG to allow them to install SCR NOx pollution controls. This is a bad idea on many fronts, and complicated by the proposed denial of N. Springfield biomass, but I suggested and ANR agreed to attempt a negotiated meeting with Ryegate to see if we can persuade them to accept the standards. I have not committed to how we'd respond if Ryegate simply says they'd walk away from the NOx controls if we make them do this.

Net Metering: The PSD policy proposal is mostly complete, and includes the idea of keeping the existing program running through end of 2016 (coinciding with expiration of federal tax credits) and creating a PSB proceeding to design a next generation program to start in 2017. This, along with incentive reductions and using blended rates instead of the high residential rate for net metering addresses some concerns from VEC and WEC. VEC agreed to support this proposal in principle, and Warren Coleman and Vicki Brown from VEC will be following up with Darren to discuss legislative language next week.

WEC, on the other hand, is pushing a complicated new program that would socialize costs on a load basis (meaning GMP would pay 75% of every net metering system). Their proposal would not start until 2015, meaning VEC and WEC and several other utilities would not offer net metering in 2014. We think that is a non-starter. That said, if they could work with us on our proposal we would create a pathway to consider their type of idea through the PSB process to redesign the program for post-2016. Chris will be calling Barry Bernstein on this.

Retail Choice/AIV: AIV convened a meeting with large industrials with Tony Klein, Lawrence Miller, and Darren attending. AIV had a retail choice provider of electric power brief the group on the benefits of choice. Following that, Chris and Tony appeared at the AIV Annual Meeting where this idea was the focus of the meeting, and Tony offered to support it this session in the legislature. He clearly intended to "give them what they wanted" but knowing it wouldn't pass. Chris didn't "throw Tony under the bus," but pointed out the many bad aspects and unintended consequences associated with such an approach and what happened to other states. Several of the benefits AIV proposes (cheaper pricing, facilitate transition from coal to cheaper/cleaner gas generation) are not directly applicable in Vermont or could undermine state policy in favor of long-term stable-priced contracts. I understand you told Tony yesterday what a lousy idea that was – thank you!

Iberdrola Mtg: I met with Iberdrola today on their project in Grafton and Windham. We discussed timing (3 years out minimum). I told them I support them moving forward, but we need to address issues that are not getting resolved – Noise, Setbacks, Blasting and Transmission, etc. They agreed noise in particular should be addressed and standards established going forward that are predictable, and they absolutely agree this should occur in a forum not part of a specific application. They support and would participate in a workshop or docket that addressed these issues. They confirmed that GMP wants to buy their Deerfield project as opposed to having a PPA. They also want support for change in Board ruling that they had to try to sell power to VT – they are feeling a little held hostage by GMP. I told them if a good faith effort made, I certainly think they should be able to sell power regionally, but that benefits for Vermont would need to be increased in some other way.

Significant Meetings/Events this week:

November 11: Chris and Darren attend VEC solar press conference with Governor

November 12: Chris speaks at AIV Annual Meeting; Chris attends VT Connectivity Workgroup; Darren discusses thermal efficiency at VEIC; Darren participates on Sandia video conference at Sen. Sanders' office

November 14: Chris, Darren and Asa meet with Liz and Louis to discuss Net Metering; Chris attends VSNAP meeting in Vernon; Darren has meetings at PSD with VEC and WEC; Darren meets with Martha Staskus of All Earth Renewables

November 15: Chris participates at Ryegate Biomass meeting with ANR; Chris meets with Jim Reardon on FY15 budget; Chris meets with Iberdrola; Darren discusses Net Metering on Mark Johnson show; Darren meets with VPIRG

Next week significant events/meetings:

November 18: Chris and Darren and PSD staff meet with VELCO team

November 19: Bi-weekly VY Interagency Meeting at PSD; Darren meets with CVCAC

November 20: Chris holds New England Clean Power Link Introductory Meeting with TDI; Chris attends meeting at Governor's office with Bill Mohl and Mike Twomey re VY next steps;

November 21: Tentative plan to meet with Vince Illuzzi and Don Campbell re two topics: NY/VT transmission, CT/Deerfield Dam and TransCanada issue with towns – Jeb, Beth Pierce and others invited and expected;

November 22: Chris meets with HydroQuebec at Governor's office; Chris and Darren meet with VELCO on legislative issues; Darren attends EAN meeting at ACCD

Media: Chris spoke with John Dillon about transmission costs; Terri Hallenbeck about VY; press coverage in Digger after AIV meeting. TA/WCAX coverage of VSNAP meeting.

Everything Else:

PERD

Residential and Commercial Building Energy Standards (RBES & CBES)

- Attended New Bldg Institute/EVT presentation of potential commercial stretch code options. Part of the presentation touched on possibilities for incorporating renewable energy into the stretch code, which included:
 - Require buildings to be “solar ready” (which really isn’t a big deal and doesn’t get you anything concrete in the near-term). This was suggested as a change for the IECC 2015, but was one vote shy of being passed.
 - Develop a package of requirements, of which one is RE and require at least one option to be done. It was acknowledged that it’s unlikely that RE would be the chosen option. However we could potentially look at the costs and try to make the RE option more attractive (like they have to pick two options OR RE). Or we could just require the RE “option”.
 - Require 2% supplied by on-site renewable energy OR 4% by REC’s, which is what is in the International Green Construction Code.
- Department staff will be meeting with Ron Shems, Natural Resources Board, to discuss these options.

Energy Efficiency Utility Activities

Demand Resources Plan Proceeding

- Staff continued internal discussions about VEIC expecting to claim Behavior program savings in the DRP modeling process, including the annual incremental and cumulative effect of a measure with a one year measure life. In addition, staff are researching estimated costs for evaluation of such programs. Staff and DPS contractors are reviewing a proposal received from VEIC related to Continuous Energy Improvement which is a proposed behavioral commercial program. One area of possible leverage/conversation is the balance between first-year (annual) savings and lifetime (cumulative) savings.
- *Rate and Bill Impact Analysis* –Met with Synapse (contractor) and discussed what scenarios to use. It looks like this is what we decided: the first being a no energy efficiency scenario; the next (three) being the Board ordered scenarios (1) economically achievable potential through level budgets (adjusted for inflation) over 20 years; (2) economically achievable potential through extension of current 2012-2031 DRP through 2034, with the 2032-2034 annual budgets increased at the same rate as the average year in 2018-2031; and (3) ramp up to and maintenance of acquisition of 3% savings relative to annual electric energy usage by year 2019; and the last being whatever ends up being the Department’s budget/savings recommendation.
- Benchmarking–

Renewable Energy Items

- Attended a meeting at the Dept. of Tax on solar energy systems and property taxation. Also attending were renewable energy advocates, as well as advocates for the cities and towns. The Tax Department expressed interested in proposing legislation that would exempt towns and schools (and possibly other non-profits such as pious organizations)

from the State's Solar Capacity Tax. Dept. of Tax would be looking to the PSD for leadership on proposing a new level at which solar systems should start to pay the tax. Currently systems 10kW and under are exempt. The solar advocates want to raise that to a much higher number (150kw or 500kW) while the cities and towns are not particular interested in raising it so high. There was also substantive discussion at the meeting about creating a new system for the municipalities to value the solar systems. The current method using a Sandia valuation model is not popular with the solar developers and some towns.

- Received seven responses to model solar contract documents for municipalities/schools RFP. Beginning to draft selection criteria prior to reviewing proposals.
- Still awaiting final piece of information from GMP before executing energy storage grant agreement.

Total Energy Study

- Upcoming meetings
 - 11/14 6:30-8:00 – Public Meeting, Statehouse room 11 and webinar

Net Metering

Net Metering Activity 11/2/13 – 11/8/13

	Registrations	Applications	CPGs Granted
Count	13	2	34
kWAC	67.543	159.600	184.054
Ave Size kW	5.196	78.8	5.413

Cumulative Capacity of Registrations and Applications Submitted

Year To Date		Total Since 1999	
2012 kW	2013 kW	1999 – 2013 kW	% of CAP
6614.32	11251.70	38451.91	~ 96.13%

Heating Fuel

- Since last reporting Crude Oil has traded down to \$94.31 v. \$94.60 a week ago.
- The natural gas market has also traded up slightly now at \$3.625 v. \$3.590 a week ago.

Other Items

- Joined representatives from VEIC, ANR, VTrans, and ACCD to pitch VLITE funding for Drive Electric Vermont. VEIC has requested ~\$150k for outreach, salesperson training, and incentives.

Engineering

Vermont Yankee Operation

Since the last report, Vermont Yankee has operated at 100%. The plant has operated continuously for 222 days since the last refueling outage. VY entered an unplanned 7-day Limiting Condition of Operation (LCO) today to replace an auxillary switch on the on "B" stand-by gas treatment (SBGT) system as a preventative measure because an issue was discovered with the switch of the "A" SBGT during the planned LCO for the "A" SBGT on October 28 (the switch was replaced on the "A" SBGT during that LCO). The Director of Engineering will next be at the plant on Thursday, November 21, and will, among other things, attend an exit meeting of an NRC inspection of the radiation monitoring instrumentation, radioactive gaseous and liquid effluent treatment, and performance indicator evaluation.

Vermont Yankee Flood Seal

On November 7, VY made an 8-hour notification to the NRC pursuant to 10 CFR 50.72(b)(3)(v) stating that on 11/7 it was identified that there was a missing conduit flood seal between an outside manhole and the west switchgear room, which compromised the flooding design of both east and west switch gear rooms [the switch gear rooms would be flooded if the CT River rose above 252 feet elevation (the river was at 219 feet on that day), into the manhole, and down the conduit]. Internal flooding of both switch gear rooms would affect the plant's ability to perform safe shutdown, removal of decay heat, control of release of radioactive material, and mitigate an accident. Compensatory measures were implemented for the flood seal in accordance with the plant's barrier control process (VY immediately put a fire watch in place, then began to seal the conduit). Repair of the seal was completed by the evening of the same day. During the last refueling outage, all of the manholes were "walked down" and no problems were noted. VY expects to complete a root-cause evaluation on this issue by mid December.

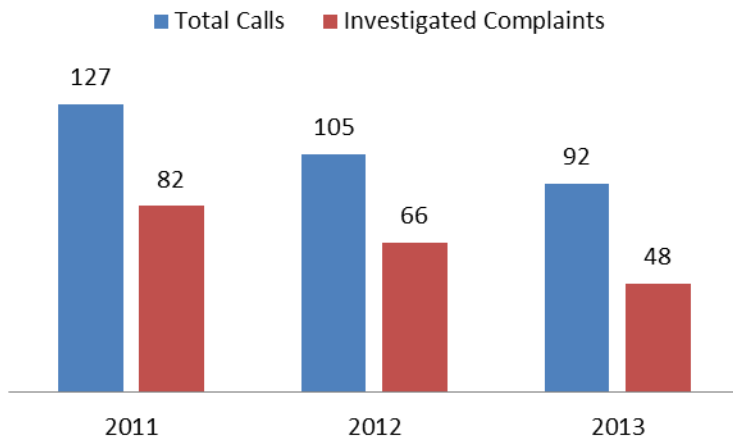
CAPI

CALL DATA

For date range 11/3 to 11/9/13.

Calls to CAPI

Same 7 Days Each Year



POST CPG WIND COMPLAINTS

Between November 6 and 9, 2013, CAPI did not take in any noise or health-related complaints. However, CAPI received an email sent by a consumer regarding a series of postcards being sent to consumers by Seneca Mountain Wind, LLC (SMW), encouraging consumers to be supportive of the proposed wind project in Ferdinand. The consumer had contacted the Department wondering if it was legal for SMW to send out such postcards.

Public Advocacy

Swanton Electric – Rate Investigation – Docket No. 8024 – On November 13, the Department filed a letter supporting Swanton’s new proposal to provide refunds in its latest rate case. Swanton will be able to make customer-specific refunds, with only a modest upgrade to its billing system costing in the range of \$5,000. Although the Department supports Swanton’s method of providing refunds, it opposes Swanton’s request to deduct its software upgrade costs from the refund amount due ratepayers.

Stowe Rate Investigation – Docket No. 8074 – A status conference is scheduled for November 20 to discuss the status of the case, as well as the Board’s suggestion that Stowe conduct a comprehensive business process (and parties comments on that suggestion). Stowe anticipates filing final and complete responses to the Department’s discovery requests no later than November 18.

VEC Net Metering 2.0 – Docket No. 8149 – On November 8, the Board accepted the Department’s recommendation to open an investigation into VEC’s proposal to provide for net metering above the 4 percent cap. The Board also acknowledged the Department’s concern that there are threshold legal issues that should be resolved at the outset of the investigation. The Board ordered briefing from the Department and VEC on legal issues related to state and federal law, with both briefs due on December 9. The Department intends to file a letter this

week requesting that the Board stay the briefing schedule and first hold a prehearing conference so that other parties have an opportunity to comment on these issues. Alternatively, the Department requests that VEC provide initial legal briefing on the matter so that other parties (including the Department) can meaningfully respond.

Green Mountain Power – Request for Confidential Treatment of Solar PPAs – No Docket – On November 7, the Board issued an order denying five requests by GMP for confidential treatment of the price (and in some instances the expected output) of PPAs with solar generators in Rutland. GMP sought confidential treatment for two years, arguing that it would suffer a competitive disadvantage if this information was disclosed. The Department did not oppose the requests. The Board, however, found that the competitive harm alleged by GMP is outweighed by the significant policy interest in allowing public access to this information. The Board is now treating the price and output information as allegedly confidential information for 10 days to allow GMP an opportunity to seek reconsideration of the Board's order.

Programmatic Changes to the Standard Offer Program - Docket 7873 – SCOV Case No. 2013-308 – Department filed an Appellee brief on 11/8 defending the Board's decision not to award a standard offer contract to a specific project after finding it was part of another proposed project. Reply brief by the Appellant, Ecos Energy, is due in ten days. After that, the Court will determine whether they want to hear oral argument or proceed to a written decision.

Kinsley Net Metering CPG – 2375- The Board's hearing officer conducted a technical hearing on the aesthetics criteria on this 149kW net metering project where the sole issue was the amount of landscape mitigation to be installed. The Department observed but did not take any positions during the hearing. The aesthetic mitigation issue pertains to private views of the project and not public ones. Parties will file briefs within a week, but waived review and comment on a proposal for decision, so the final Board Order will issue soon after the briefing.

GMP Stafford Hill Solar in Rutland – Docket 8098 – The Hearing Officer approved the petitioner's request to enlarge the schedule. Supplemental testimony, explaining the battery storage component and updating its cost analysis based on the construction RFP, is due by January 15th.

WEC AMI Plan – Docket 7810 – The Department's technical staff met with their WEC counterparts to discuss the Department's concerns regarding WEC's AMI technology. The meeting yielded a positive discussion and identified problem areas with some precision. The Department will meet with WEC's counsel – probably next week – to discuss how to proceed leading up to a Board workshop in early December. WEC intends to submit recommendations on how to proceed to the Department by the end of this week. The Board workshop will be held on December 5, 2013.

Georgia Mountain Community Wind – Docket 7508 – The Board issued an order approving the Department's motion to alter. GMCW is now required to ensure that all facility components, including the turbine cooling fans, are not operational during the last sound monitoring session.

GMCW must also certify by November 15, 2013 that background sound levels gathered during the three previous monitoring sessions were devoid of cooling fan noise.

FairPoint PAP Proceeding – Docket 7506 – FairPoint and the CLECs each submitted briefs to the Board addressing three issues left unresolved in the latest stipulation between the parties (the Department was not a signatory to the stipulation). The Department did not file an initial brief. It will review the submitted briefs and file a reply brief on or before the November 26, 2013 deadline.

Coventry Solar Project – Docket 7948 – The Board issued an order approving petitioner's proposed transfer of the CPG to a third party LLC, and rejected the Department's recommendation that the owner and manager of the LLC be named as a holder of the CPG as well.

Abandonment of Willoughby Lake Waterworks in Westmore– Docket 8117 – The Department had a productive conference call with the customers, included discussing the petition and alternatives. In order to better inform their decision regarding whether to form an association, the customers are investigating the requirements of water quality testing and the flexibility of the purchase price. A status report is due to the Board by November 14th.

Telecommunications

GMP Billing Issue Related to Smart Meters – PSD learned last week that CVPS had been estimating certain interval usage data for some number of customers' electric bills since the summer of 2012. We now know that 38,000 customers were affected by this issue. GMP has completed its reconciliation of the magnitude of the problem and it is as follows: 48% of the 38,000 were under billed, 43% were over billed and 8% of the estimated bills were found to be accurate. 85% of the under and over billed customers were within 1% of being accurate. For most customers the estimate resulted in over/under billing errors of 3-5 cents per month and the most inaccurate over/under billing error was 2 dollars per month. Total dollars under billed is \$150,000 and total dollars over billed is \$140,000. GMP is no longer estimating any bills. GMP asserts that customers who were under billed will be held harmless and customers who were over billed will receive a credit. GMP will meet with PSD staff early next week to discuss messaging that will accompany the bill credits.

248a Wastewater Permitting Issue – AT&T claims that ANR's recent scrutiny to new telecom facilities constructed within 500 feet of a structure with a grandfathered waste water exemption needing a current permit has become an issue. We have worked with ANR on this issue and Verizon claims it is not a problem for them. AT&T would like to make this a legislative fix in the 248a sunset extension this session. On 11/12/2013, PSD, ACCD and ANR staff met with AT&T. ANR strongly recommended that this issue not go before the legislature – they believe it can better be handled in a rulemaking. PSD staff supported ANR but stated that if a legislative fix was necessary that we preferred it to not be a part of a larger 248a bill. We advised AT&T that they should get together some numbers regarding the actual number of

times this has been an issue and that we would talk further. AT&T agreed and another meeting will be scheduled soon.

Section 248a Applications: This week has seen a drop in 248a applications overall. However, the Department received three VTel applications this week, all for its WOW project. These projects are in Shelburne, Topsham, and Hyde Park.

Finance and Economics

Electric

GMP – PSB Docket Number 7585: GMP Modified Alternative Regulation Plan Power Adjustor Filing: Fourth Fiscal Quarter, 2013. The filing results in a downward rate adjustment of \$1,996,533. Staff is reviewing the filing. The PSD recommendation is due 12/15/13.

D 8074 Stowe Electric Department – Investigation into the existing rates of the Town of Stowe Electric Department – Based on Stowe’s Cost of Service study the Department reviewed test year operating expenses, adjustments, and rate year calculations. This included O&M expenses, A&G expenses, depreciation, and taxes. Initial review suggests that selected changes to rate year ‘adjustments’ and reductions in excessive levels of cash balances would benefit ratepayers. Summary and findings are due by November 15, 2013.

WEC – Staff is reviewing Washington Electric Cooperative revised Net Metering Tariff that will be influenced with the resolution of the VEC Tariff #8471 investigation (see above). The PSD recommendation is due November 22th while the Fin and Econ recommendation is due to Legal on November 15th.

Financings/Mergers/Acquisitions/Consolidations

Vermont Gas Systems, Inc.-D 8131 Petition for approval of Issuance of \$35,000,000 First Mortgage Bonds and a three-year extension of existing \$45,000,000 Revolving Debt. The Department’s review recommended Board approval. Subsequently, in the Proposal for Decision, the hearing officer recommended conditioning these financial transactions on approval of VGS’s Addison Expansion project. On October 29, 2013, the Department filed comments on the Hearing Officer's PFD supporting VGS's request for approval. On November 8, 2013, the Board found it appropriate to approve VGS’s requests and that such approval not be conditioned on Board approval of the Addison Expansion project in Docket 7970.

Regional Policy

Order 1000

- On November 8, the NEPOOL Participants Committee had an advisory vote on the Transmission Owners proposal for the Order 1000 default cost allocation for public policy transmission projects.
- MA and CT provided comments in support of a 70/30 split (with 70% of the cost socialized among the region based on load-ratio share and 30% of the cost borne by the states with

public policies leading to the need for public policy transmission projects). MA and CT argued that all states would receive some benefit from public policy projects and therefore all states participate in RGGI and have other environmental and renewable programs.

- RI and NH voiced opposition to the 70/30 split and argued that states pushing for policies necessitating transmission should bear the costs and there are insufficient benefits to other states to warrant socializing the costs of such projects.
- MMWEC put forward an amendment for the 30% of costs to be socialized and 70% borne by states with policies necessitating transmission. The vote failed with 52% support. All Vermont utilities voted in support of the MMWEC amendment except VEIC, which abstained.
- On the main motion (70/30 split) the vote failed with 51% support. Vermont utilities opposed the motion, except VEIC, which abstained.
- The NEPOOL vote is advisory and Transmission Owners can file whatever proposed cost allocation they want at FERC. Based on the uncertain outcome at NEPOOL (with half supporting 70/30 and half supporting 30/70), it is unclear what the Transmission Owners will file.

On-Shore Wind Offer Review Trigger Price for Forward Capacity Auction

- ISO's Internal Market Monitor establishes Offer Review Trigger Prices for the Forward Capacity Auctions. The purpose of the ORTP is to establish a clear dollar amount under which the IMM will review the suppliers bid to determine if the bid is non-competitive. An ORTP is established for different categories of resources (e.g., efficiency, demand response, gas turbine, combined cycle gas turbine, offshore wind, onshore wind, etc.).
- The IMM developed an ORTP of \$0 for onshore wind. Most of the generator sector challenged that dollar amount, with NextEra proposing an amendment that would establish an ORTP of \$8.35. NextEra's amendment failed with 32% support.
- NEPOOL did not vote in support of ISO's proposed ORTPs; however, ISO is likely to file its proposal regardless.

NEPGA FCM Administrative Pricing Complaint

- NEPGA filed a complaint with FERC regarding the following tariff rules that establish an administrative price for existing resources, depending on the outcome of the auction.
 - In any Forward Capacity Auction that exhibits "insufficient competition" (where there is a need for new entry and there are limited number of new entrants to make offers) or "inadequate supply" (where there is less new capacity offered at the beginning of the auction than the amount of new capacity needed for that zone), than the price for existing resources is set administratively (1.1 times the clearing price of the previous auction).
 - Capacity carry forward rule – When a large new resource clears in an auction, there is the potential for excess capacity than needed for that zone. The resource may accept a five year new entry price guarantee under which the resource will be guaranteed to receive that price regardless of the auction results. In a situation where the price-

guaranteed resource created a surplus situation in the zone, the clearing price for the zone is suppressed.

NEPGA is asking for a ruling on the complaint by January so that market rule changes could be in place prior to the Forward Capacity Auction in February.

- ISO identified a gap in the amount of resources that could trigger insufficient competition and intends on fixing this through an expedited NEPOOL stakeholder process that could resolve some of the issues and could make a 205 filing at FERC that addresses some of the same issues. There was significant discussion at the NEPOOL Markets Committee involving the question of how to have a stakeholder process when the parties included in that process are already in litigation on the NEPGA complaint.
- ISO believes that supply curve is a better way of dealing with administrative price triggers and intends to propose demand curve in January with a vote in late spring.

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: November 14, 2013
SUBJECT: Governor's Report

Fire Safety Division

The division received \$6,500, 000.00 in new construction valuation collecting \$24,000.00 in permit fee revenue.

Electrical Inspector Monte Mason as you can imagine is not doing well and we continue to reach out to him and his family. Monty's son was killed in an automobile accident this past weekend. He was 25 years old, married with one child and one on the way. Monty had two children killed about 26 years ago in an automobile accident he has no other children this was his last. This is a very sad story. This son was born after Monty and his wife lost there other two children 11 and 13 years old at the time of their death. They worked to have this son. The funeral was this morning.

Emergency Management/Homeland Security Issues/Updates:

Deputy Director Ross Nagy passed the Certified Emergency Manager (CEM) professional accreditation exam. The CEM designation was created by the International Association of Emergency Managers (IAEM). Development of the program was supported by FEMA and the National Association of Emergency Managers (NEMA). It is recognized as the pinnacle of achievement and the ultimate credentials in Emergency Management.

Section Chiefs Erica Bornemann and Jason Gosselin successfully completed the Leadership in Police Organization (LPO) course. LPO is based on a behavioral science approach to leading, groups, change and organizations. The original course material was developed and taught for many years at the U. S. Military Academy at West Point.

Director joined the Commissioner and DPS leadership in a preliminary budget meeting with Commissioner Reardon and his top staff.

Completion of the VCOMM Lifeline Project remains priority and the cut-over of PSAP consoles continues in earnest.

DEMHS hosted a session on the new ERAF (Emergency Relief and Assistance Fund) criteria which will take effect on 10/21/14. It was attended by DEMHS, ANR and RPC personnel. Last day of state employment for Kate Ash, Irene Recovery Office Interagency Liaison, was 11/12. She is joining Senator Leahy's staff. With Kate gone, there will likely to be an addi-

tional trickle of follow-up items from the Governor's office directly to the DEMHS Recovery and Mitigation Section Chief.

The second Public Assistance Coordinator position was re-posted as of 11/12/13, with revised minimum qualifications. A strong candidate currently working for FEMA has been encouraged to apply.

The Director will be attending Northeast States Emergency Consortium (NESEC) and International Emergency Management Group (IEMG) meetings next week. These include partner Directors from the Northeast States and Eastern Canadian Provinces.

Administration

Any other topics you feel are important for the Commissioner and Governor: See as follows: Policy, Audit, and Compliance Update:

Susan Zeller, the new State Performance Officer, is scheduling meetings with all agencies and freestanding departments to discuss VTHR issues. We have been scheduled to meet with her on November 25, 2013.

Criminal Justice Services

VCIC

Marijuana Program

There is a meeting next week with the owner of the Champlain Valley Dispensary to discuss his new business in Brattleboro. We will be counseling him regarding the need to separate the two businesses so that a proper audit and accounting of both entities can be seen.

We are getting ready to establish the review committee for the marijuana program. This has been delayed due to not getting committee member names from the organizations that are required to serve on the committee. The marijuana program administrator has been preparing the annual report that this committee is supposed to produce so that the committee once formed can look at a work product as their first order of business.

Sex Offender Registry

The SOR audit is underway. According to the auditor's office it will not be completed until March of 2014.

FBI Audit conducted in August 2013

The sex offender registry, N-Dex program, AFIS, IT security, NIBRS and NCIC were audited by the FBI in August. These are all programs that fall under the management of the Vermont Criminal Information Center (VCIC).

The sex offender registry and the N-DEx program reports have been completed and have been sent for our comment. The SOR had some formatting issues identified in the audit but they are not big concerns and it was not unexpected. We are awaiting reports on the other areas. The FBI is behind because of the government shut down.

Laboratory Issues

Good news regarding filling positions. We have hired a fully qualified DNA chemist. The person is coming from the Maryland State Police lab is starting in our lab on January 13th. She will be a qualified DNA technical lead and will allow our lab director to get out from under case work.

We also are interviewing a certified fingerprint examiner on Monday who is very interested in coming to Vermont and work. The filling of this position will go a long way in working on our fingerprint backlog.

I am still working with Harry Jeppe the firearms supervisor on the issues and problems with the physical comparison unit. This week he has been working on the Burlington PD officer involved shooting and is getting this case finished.

Office of Technology Management VJISS

We continue to get ready for the VJISS/VCAMP role out. The crime analysis and mapping portal (VCAMP) will be an important tool in plotting crime activity.

It is important to note that part of this justice information sharing program implementation will be a subscription service for probation and parole officers and a push of arrest information into the MHISSION system. This system is being used by the Chittenden and Addison County States Attorney's Offices as a tool to track the flow and placement of their case loads. It has the potential to go statewide and is seeing as a valuable business process tool for States Attorney's.

Public Safety Broadband Network (FirstNet)

The next meeting of the Commission will be on December 5th. We will be conducting a video conference call with Mike Meyers a consultant from Texas who will educate the Commissioner on the development of public private partnerships to fund broadband networks.

A contingent from Vermont to include myself, Chris Campbell and Kiersten Bourgeois will be travelling to a meeting of New England States concerned with developing broadband networks for public safety usage. This will occur at the University of New Hampshire on December 4th.

VSP

A Troop

FF

Troopers attempted to execute a MV stop in the town of St. Albans. Upon stopping the vehicle, three men exited and attempted to flee from the Troopers. Tprs engaged in a short foot pursuit and were able to detain two of the subjects. A subsequent search of the subjects and vehicle yielded the discovery of 11 hypodermic needles, two of which contained drugs. One of the subjects was arrested on a charge of Possession of Narcotics/Stimulants. 24 total arrests, 8 DUI

B Troop

FF

Involved in a brief pursuit resulting in the arrest of a subject out on furlough. The subject was subsequently turned over to the Task force and ATF.

27 Total arrests, 10 DUI

C Troop

FF

Aggravated Assault with a vehicle case in Rutland Town

9 Total arrests, 1 DUI

D Troop

FF

Follow up with stolen metals/motors case in Cavendish, Interviewed mother of victim who admitted to giving nephew permission to take the items claiming they were her items to do

what she wished with. This case may turn into a civil case, more follow-up with town office for deeds.

New theft case from Londonderry, check left by Fed-ex was stolen and cashed in Windsor, follow-up with bank reveals they may have drive-up teller footage of the suspect cashing the check.

Assisting Windsor PD with an aggravated assault where the victim may not survive his injuries.

20 Total arrests, 6 DUI

TOPS

Stop of NB vehicle resulted in subject seized for warrant; 75 bags heroin, 18 Oxy's and 2 Methadone pills seized.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin

FROM: Secretary Jeb Spaulding

DATE: November 15, 2013

SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Legislative Issues/Contacts:

- Checked in with Speaker Smith about a number of issues, most of which related to BGS.
- Rep. Stevens called regarding the desire of Waterbury village to assume the Waterbury town P&S agreement.
- Met with the entire Bennington House and Senate delegations at ceremony at the Bennington Welcome Center.

Press/Media Notes:

- Preparation meeting for interview with David Hodges, FOX 44.

Significant Events/Meeting:

- Attended settlement meetings regarding Mod Space and Bennington SOB State of Vermont claim. Both issues on settlement trajectory.
- Budget meeting held re: FY 14 BAA and FY 15 big bill.
- Meeting held with HP regarding the Historical Property Stabilization and Rehabilitation fund and legislative report.
- Several meetings held regarding the future of BGS security division and what skills and traits the new leader should exhibit.

FINANCE AND MANAGEMENT

Issues Update:

Bulletin 3.4 – Employee Travel and Expense Policy – Brad Ferland is working in conjunction with Chief Performance Officer Susan Zeller on updating Bulletin 3.4. The only change will be the completion of the Explanation of Late Filing form when an employee is requesting a waiver and not every time an item is over 60 days.

Commissioner Reardon and Deputy Commissioner Sarah Clark continue to meet with departments regarding their FY 2015 budget requests. Recent meetings include: Vermont Housing Conservation Board; Vermont Symphony Orchestra; DII; Buildings and General Services; Commission on Women; E-911; Human Rights Commission; Health Department; Corrections; DCF; AHS Secretary's Office; Humanities Council; and Department of Public Safety.

Commissioner Reardon also spoke with the Chamber of Commerce, outlining the current fiscal situation.

HEALTH CARE REFORM

Continued work on health care.

HUMAN RESOURCES

Legislative Issues/Contacts:

Commissioners Duffy testified before the Corrections Oversight Committee to discuss the investigation of the suicide at Newport Correctional Facility. At DHR's request, representatives from VSP appeared and discussed the results of the criminal investigation. During the hearing, Defender General Valerio accused DHR of interfering with his investigation of the suicide. Commissioner Duffy questioned this assertion, but Senator Sears stated he believes that legislation is necessary to address this alleged interference.

Deputy Secretary Clasen, Commissioner Duffy, and Director Paulger met with Stephanie Barrett to discuss issues related to the position pool and the potential conversion of limited service positions to permanent status.

Press/Media Notes:

In response to a story written by Mike Donoghue on the number of investigations launched by DHR into timesheet fraud post Deeghan, DHR responded to numerous media requests concerning the allegations of time sheet fraud and the extent and scope of such potential fraud.

Significant Events/Meetings:

Commissioner Duffy attended a meeting with Secretary Spaulding and representatives from the Veterans' Home and the VSEA to discuss recommendations made in the Pulling report and potential legislation that could be agreed to and drafted. Progress was made, and the parties

committed to engage in a Labor Management meeting to further address some of the areas of concern. Commissioner Duffy will draft a bill to implement some of the agreed upon changes and forward to Secretary Spaulding for review.

Evolving Issues:

The State has reached tentative agreements with the Supervisory and Corrections bargaining units of the VSEA. Mediation was conducted this week with the Non-Management unit. A final offer will be made by DHR, but absent agreement with that proposal, the parties will proceed to the fact-finding stage of the process.

INFORMATION AND INNOVATION

Status of Governor's Priorities:

Healthcare:

Vermont Health Connect: Prior to going “live” with new capabilities such as payment processing, we are requiring CGI to have 3rd party verification that appropriate security safeguards are in place.

IE: Overall IE project status is RED. A number of action items due from the IE team have no target dates. Examples include viability of OneGate, viability of potential IE vendor, work on program prioritization, schedule extension analysis, removal of Maximus scope from IE contract, Maximus contract process, IE/AI gap analysis by DII and pricing analysis by DII. CGI yet to get back on their overdue action items. Contract negotiations schedule is at risk and there is no target date for contract signature due to these unknowns.

MMIS: Three RFP work streams are in various stages of completion. All three work streams struggle with schedule constraints and resource shortages. While work is being done to add staff, a dedicated space at 380 Hurricane Lane was approved. This space will enable more efficient meeting scheduling as the space will accommodate both large and small sessions with MMIS stakeholders. MMIS is currently YELLOW.

Significant Events/Meetings:

Richard met with Jim Reardon to outline the FY 15 internal service fund forecast. For FY 15, we expect the fee for common services to decrease about \$100K due to economies of scale realized in licensing and movement of more department specific services to demand billing. Also being considered for funding are 4 positions for DII to mitigate contract risks and increase state government focus on information and document management.

Evolving:

Our OpenData site is up, populated and in testing. Launch should be near the 1st of December.

LIBRARIES

Nothing to report.

TAXES

Legislative Update:

Education Tax Rate Letter/Picus Symposium: Commissioner testified to Ways & Means that we are working to release the statutorily mandated report on rates before Thanksgiving, but that looking at 5 cents, plus or minus a couple cents. Discussed some of the considerations and data points, the committee then asked Mark Perrault about a million questions about the data. No clear direction, although the Chair seemed inclined once again to raise the nonresidential rate more pennies. The Commissioner mentioned the Picus Symposium as a possibility that the Administration was talking to the Legislature about. I described it as having finance experts looking at finance questions – revenue, rates, behavior, efficiency, fairness.

Late Homestead Declarations: VLCT was invited to testify about the penalties that some towns imposed for late declarations. Steve Jeffrey was actually complimentary to Dept for having worked with the towns. He suggested how the legislature might tweak the penalty to make it more discretionary, however he also said there might be some virtue to no changes.

Cloud Regs: Our general counsel finally has a draft ready for internal review – the good news is that she came to realize how complex the issue is, especially in trying to draw bright lines. I anticipate there will be some internal disagreements to sort through before we solicit input from outside the Dept.

Online Travel: I am at the NE State and Local Tax Conference, and one of the speakers actually was just engaged by the OTCs to defend the NH suit. I got a preview of his line of attack. He is going to hit hard on the fact that the AG went straight to court, and the practitioners agreed that was an odd tactic for an agency that generally forces taxpayers to use administrative remedies. The OTCs will also claim that the law group misrepresented the number of cases they have won to the legislature. The litigation scorecard has now become a source of contention.

Misc Tax: Most of the Dept's proposals at this point are minor. Long term we would like to tackle Household Income, to simplify it and tie it back to tax concepts that we can audit – I continue to suggest MAGI for health care might be a good measure. Short term however, we are debating whether there might be an opportunity to revamp the renter rebate program, which consumes an inordinate amount of Dept resource. Mark Perrault is writing a study for Ways & Means, we will be anxious to review his draft.

Current Use: A very odd case is on appeal – the statute defines development as subdividing into lots of certain size, even when the original lot was undersize. Sen. Mazza has objected, however it appears a legislative fix would be needed.

FAST: FAST has now offered a discount sheet for amounts that are paid as billed on the invoice, rather than delayed and paid through benefits. JFO and the Deputy are negotiating a final price for the Chainbridge model, and currently we are working on an arrangement where the Chainbridge payments also would come out of the modernization fund, with some reimbursement by JFO. We are still working out whether it is cheaper to get the third party hardware through FAST or DII. Jaye Johnson continues to modify the drafts, but we intend to present a nearly final version to FAST today in order to define the

final issues for negotiation. We then would be ready to propose a BAA amendment to extend the life of the modernization fund and increase the spending authority to accommodate the contract.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: November 15, 2013
Re: Weekly Report

Status of Governor's Priorities: Working on performance measures for FY15 budget. Strategic Planning Updates are being submitted today.

Legislative Issues/Contacts:

- Liquor Board has reviewed final draft changes to Department Regulations. ICAR review set for December.

Press Issues/Releases/Contacts: I am sure you have seen the BFP article on time reporting issues. I sent the below information to Liz Miller and Jeb on Wednesday to be aware of what is going on:

The Department has received 2 Public Records requests from Mike Donoghue of the BFP, to which DLC is in the process of responding.

The Department received several phone calls in advance of the 4-page BFP article on 11-13-2013, and provided no information to the press – both Director Bill Goggins and Commissioner Michael Hogan received phone calls seeking information.

The Department is working closely with the AG's office and the DHR attorney, in its effort to respond appropriately to the public records requests.

The Department is unaware of how the BFP obtained the name of Investigator Gonyo to include in today's article.

I will say that Commissioner Duffy's folks have been very good to work with as well as the AG's Office.

Significant Events/Meetings: Next Board Meeting 12/11/13 Enforcement Hearings.

- Marketing Meeting with suppliers 11/20-21 to review product introductions for 2014.

Evolving Issues:

- Finalizing vendor contract for ERP/POS Project.
- 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.

Summary of Key Department Activity:

- Mid November sales look very good.
- Thanks for having me at the meeting the other day in your office with the brewers. The issues of enforcement come out of the problems at the Brewers Festival that carried over into downtown Burlington and then into the bars. Those have been rectified. We have had very good meetings with the organizers and I believe this past festival was very successful.
- In state economic development for manufacturers: Caledonia Spirits was named 2013 Gin of the Year at the International Wine and Spirits Competition in Hong Kong. In 2013, they have done over \$450,000 in sales in state through our agency stores and manufacturing outlet.

Commissioner's Commentary: Have a great weekend.