

WEEKLY REPORTS

Checklist
12/21/2012

Bill Lofy

_____ Agency of Commerce and Community Development – Lawrence Miller

_____ Agency of Agriculture – Chuck Ross

_____ Agency of Transportation – Brian Searles

_____ Department of Labor – Annie Noonan

Alex MacLean

_____ Agency of Natural Resources – Deb Markowitz

_____ Department of Public Safety – Keith Flynn

_____ Public Service Department – Liz Miller* (shared with Sarah)

Susan Bartlett

_____ Agency of Human Services – Doug Racine

Sarah London

_____ Department of Financial Regulation – Steve Kimbell

Jeb Spaulding

_____ Agency of Administration – Jeb Spaulding

Special Reports

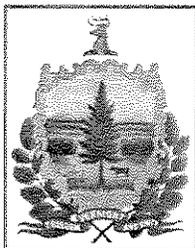
_____ Additional Report: Education

_____ Additional Report: Lottery

_____ Additional Report: Irene Recovery Office

_____ Additional Report: Boards and Commissions

116 STATE STREET
MONTPELIER, VERMONT 05620



OFFICE OF THE SECRETARY
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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: December 21, 2012

Secretary's Top Issues:

Consumer Protection was notified this week that our Weights and Measures Lab has received full certification from the National Institute of Standards and Technology. This allows us to do testing work that is recognized by other states. This is a tremendous accomplishment after losing our lab in Irene. BIG congratulations to Marc Paquette, Weights and Measures Specialist / Metrologist, for his work and dedication to bringing this to fruition, and all the Consumer Protection staff that assisted.

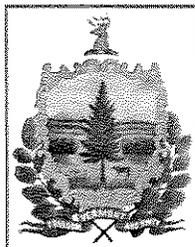
Working Lands Enterprise Initiative (WLEB) -The WLEB met on Tuesday, December 18 and heard presentations from board member Mike Rainville, Maple Landmark, and Collin Miller, Director of Wood Products Initiatives at the Northern Forest Center, Concord, NH for an overview of Vermont's Forestry Sector. The board established a process for reviewing proposals and divided board members up to serve on review committees for the three areas of investment. The Letters of Intent are due on January 4, 2013. The WLEB will review LOI's at their January 15, 2013 meeting and also plan to set aside some time on the agenda to meet with the chairs of the Agriculture, Commerce & Economic Development, and Natural Resource Committees to inform them of the work and progress of the WLEB.

Dr. John Clifford, Chief Veterinary Officer of the U.S., announced today on a state-federal partnership conference call that the long awaited Animal Disease Traceability (ADT) rule will be published as a Final Rule in the Federal Register on or about December 28th. The expected effective date of the Rule is February 26, 2013. The Animal Health (AH) section of VAAFM has been providing outreach to multiple animal agriculture sectors in Vermont for over a year in anticipation of this development, and the cost of some of those activities have been covered by the ADT Cooperative Agreement that AH has with USDA. Going forward, AH will be requesting additional funding to implement the terms of this federal rule. The rule requires that dairy cattle (including bob veal and other youngstock) be officially ID'd before moving interstate. Exceptions to this rule will be granted for cattle moving direct to slaughter and in some other circumstances. Beef cattle and other species of livestock will be phased into this rule in a graduated manner.

Starting January 1, 2013 the Dairy Section will be resuming inspections of farms selling raw milk direct to consumers in order to ensure that they are in compliance with the statutes enacted several years ago. The Dairy Section has developed a compliance protocol that will be utilized when areas of noncompliance are detected during inspections. This information has been shared with Rural VT, VT Farm Bureau, Dairy CO-ops, and NOFA-VT with a request to share with all their dairy farming members in an effort to alert and educate the industry. Questions should be directed to Dan Scruton at dan.scruton@state.vt.us.

Agency of Ag is planning a legislative open house on January 18, 2013 from 1 to 4 p.m. at 116 state street. Within that time each division will present its most important information to legislators. Division heads are collecting information for these presentations. House and Senate Ag committee members as well as the chairs of Economic Development, Commerce, Fish and Wildlife and Natural Resources will be invited to attend.

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TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: December 21, 2012

Status of Governor's Priorities:

Press

Communications & Marketing:

VAAFM's Chelsea Bardot Lewis is "steaking out" (ha, ha) serious ground for the emerging meat industry in Vermont – and beyond! She recently participated in the Sustainable Meat "Hackathon," held in NYC, which was profiled on Forbes.com. Check out this article which covers the event, and notice that "Vermont Agency of Agriculture" is the "steakholder" behind the projects that took 1st & 2nd place in the competition!
<http://www.forbes.com/sites/daniellegould/2012/12/19/hackathon-carves-better-future-for-sustainable-meat/>

The Agency assembled the Vermont Trustees of the Eastern States Exposition (Big E) for a meeting to review affairs related to the Vermont Building in West Springfield, MA. The Vermont Building houses Vermont-themed vendors and exhibits on The Avenue of the States at The Big E. The property is owned by the State of Vermont and managed by VAAFM, with help from ACCD and BGS. BGS attended to provide an overview of repair and maintenance needs, which total over \$700k. Key issues for discussion included the sustainability of the building and the Big E management's recent ruling to forbid sales of alcohol in the Vermont Building. This ruling will require The Agency to break a contract with a trusted and valued Vermont Company, Long Trail, and will create a significant revenue deficit for the building. We are investigating our options, specifically, does the Big E have the right to tell us what we do on property owned by the State of Vermont.

Deputy Secretary Bothfeld spoke to NECN regarding the lack of a Farm Bill and the potential affect on milk prices to farmers and consumers.

Legislative Issues

Agency of Ag is planning a legislative open house on January 18, 2013 from 1 to 4 p.m. at 116 state street. Within that time each division will present its most important information to legislators. Division heads are collecting information for these presentations. House and Senate Ag committee members as well as the chairs of Economic Development, Commerce, Fish and Wildlife and Natural Resources will be invited to attend.

Significant Events/Meetings:

Dr. John Clifford, Chief Veterinary Officer of the U.S., announced today on a state-federal partnership conference call that the long awaited Animal Disease Traceability (ADT) rule will be published as a Final Rule in the Federal Register on or about December 28th. The expected effective date of the Rule is February 26, 2013. A public announcement about this development is expected later in the day on the 20th. The Animal Health (AH) section of VAAFM has been providing outreach to multiple animal agriculture sectors in Vermont for over a year in anticipation of this development, and the cost of some of those activities have been covered by the ADT Cooperative Agreement that AH has with USDA. Going forward, AH will be requesting additional

funding to implement the terms of this federal rule. The rule requires that dairy cattle (including bob veal and other youngstock) be officially ID'd before moving interstate. Exceptions to this rule will be granted for cattle moving direct to slaughter and in some other circumstances. Beef cattle and other species of livestock will be phased into this rule in a graduated manner.

Evolving Issues:

An Animal Health Final Order was submitted to the Secretary for signature this week involving a violative drug residue detected at slaughter in an animal owned by a Vermont farmer. The Notice of Violation recommending a \$1,000 penalty was picked up by the farmer on November 26th, and the AH section has received no response since that time.

Starting January 1, 2013 the Dairy Section will be resuming inspections of farms selling raw milk direct to consumers in order to ensure that they are in compliance with the statutes enacted several years ago. The Dairy Section has developed a compliance protocol that will be utilized when areas of noncompliance are detected during inspections. Please share this information with producers who you know and who might engage in the sale of raw milk direct to consumers. Questions should be directed to Dan Scruton at dan.scruton@state.vt.us.

In re: Whistle Pig, LLC A250 9A-348. Legal counsel was contacted, as a matter of professional courtesy, by the lawyer for neighbors who are opposed to Whistle Pig's application. The neighbors are farmers. Whistle Pig is an emerging agri-business producing rye whiskey. At issue is the neighbors concern that the distilling process creates black mold which will likely spread in the environment and impact the existing soft fruit and vegetable farm the neighbors operate nearby.

Summary of Key Agency Department Activity:

Administration

The Business Office has closed our Organic Certification Reimbursement program for the 2012 – 2013 growing season. There were 11 producer applicants we had to turn down for funding requests as all the funds were depleted prior to receiving their complete applications. The grant agreement for organic processors was not fully expended; a total of \$7,786.87 was left on the table from this \$30,000 award. The funds are not allowed to be transferred to farmers.

The Agency of Agriculture is one of 3 agencies/departments chosen for the Results/Performance based program budgeting for FY'14 and as Jim Reardon said at our budget meeting, we will be doing this for our FY'14 Working Lands Budget. Marcey Hodgdon, Financial Manager III met with Joint Fiscal staff and Matt Riven (Budget Director, Finance & Management to discuss this task (also previous co-worker when we were both at AHS)). The Agency has some general guidance of what this should look like and will be asked to come over again at the beginning of January to review and make adjustments. This is really a pilot project as Stephanie, Maria & Nathan have an idea in their heads of what they want this to look like but are not exactly certain on how to achieve it so we are all working together to brainstorm.

In re Riverside Farm PSB#7886. Legal counsel filed written comments in response to the farm's Request for Relief from CPG Condition #3.

In re Sun Gen PSB#7700. Legal counsel reviewed site plans for an expansion of the facility and filed written comments, at the request of the Board, on whether the expansion should be considered a material deviation from the existing CPG.

In re: GASNA 14P LLC PSB#7632. Legal counsel reviewed proposed and as built modifications submitted by the facility, post-CPG, and filed written comments on the proposed changes and also on the facility's proposed sale-lease back arrangement, as requested by the Board.

In re VT Gas Systems. PSB. Legal counsel met with easement co-holders VHCB and VLT to discuss Vt Gas systems' plan to run a natural gas pipeline through portions of Vermont, including Chittenden and Addison Counties. The pipeline is preliminarily proposed to cross or run along a number of conserved farms. At issue is easement deed language, location of the pipeline, the potential for compensation to the land owners and, by terms of the conservation easement deeds, the potential for compensation to the co-holders. More fact gathering and research is needed.

One new solar petition was filed. A total of two petitions that have already been filed await preliminary review and screening.

Agricultural Development

Co-facilitation of Northwest Vermont Food Summit meeting

- Over 70 people participated on Monday 12/3/12 at Sheldon Elementary. The event was open to all Franklin and Grand Isle County community members interested in building a strong local and regional food system.
 - Diverse audience consisted of 30% producers and growers, 18% retail/wholesale distributors, 13% each of processors, educators, and cook/chef/food service, and 5% each farm support/input and service providers.
- Discussion focused on interest in local food with an economic, health, or social perspective. Participants asked to identify regional strengths, challenges and opportunities for establishing sustainable regional food system.
 - Shared ongoing diverse regional initiatives including the USDA Ag Research Farm in Alburg, the Franklin County Meat Study, the Regional Farm to School Collaborative, growing local farmers markets (including a year round, online market), potential diversified ag programming opportunities at area technical centers, and "closing the loop" with a state certified food scrap compost site across the road from Hudaks Farmstand.
- Highest ranking opportunities included: distribution (with a focus on a truck!), creating a coordinated local brand, and establishing local markets for local milk.
- Strengths for the region were identified as having: highly skilled farmers, good soil, great work ethic, a beautiful working landscape, motivated communities, orchards, vineyards and high quality products, strong dairy & maple production, a multi-generational commitment to the land, rural landscape yet close proximity to Burlington and Canada, and growing number and diversity of Farmers Markets.
- Identified challenges for the region were: lack of centralized access to products grown and produced in the area, high input costs for farmers and low prices paid for products, lack of slaughter capacity, distribution and storage facilities, limited access to local milk and local meat, lack of consumer demand and capacity data, minimal outlets to sell local food and many places to buy cheap food of poor quality, lack of producer marketing assistance and the economically-challenged consumers making it hard to purchase higher priced local food.

Participation in three regional Farmers Market Roundtables

- NOFA-VT organized six regional farmers market roundtable discussions focused on sustainable budgeting and technical assistance around marketing and promotions.
- VAAFM staff attended three roundtables in St. Johnsbury, Winooski and Middlebury.
- 20 farmers markets were represented at these three roundtables.

Working Lands Enterprise Initiative

The WLEB met on Tuesday, December 18 and heard presentations from board member Mike Rainville, Maple Landmark, and Collin Miller, Director of Wood Products Initiatives at the Northern Forest Center, Concord, NH for an overview of Vermont's Forestry Sector. The board established a process for reviewing proposals and divided board members up to serve on review committees for the three areas of investment. The Letters of Intent are due on January 4, 2013. The WLEB will review LOI's at their January 15, 2013 meeting and also

plan to set aside some time on the agenda to meet with the chairs of the Agriculture, Commerce & Economic Development, and Natural Resource Committees to inform them of the work and progress of the WLEB.

Vermont Agricultural & Forest Products Development Board

The VAFPDB met on 12/05/12 and heard from a panel on Current Use made up of Put Blodgett, Bradford – ED of Vermont Woodlands Association, John Meyer, Calais/Montpelier – Consulting forester, Tom Vickery, Waterbury – assessor for the towns of Stowe, Waterbury and Duxbury, and Darby Bradley, Calais – counsel for the Vermont Natural Resources Council. A Current Use subcommittee of the VAFPDB will be reviewing a proposed plan put together by the Current Use coalition and provide feedback to the VAFPDB. The VAFPDB forestry subcommittee reported that a productive discussion was facilitated on 11/07/12 to address concerns around implications of the Biomass Energy Bill Act 178 on best management practices for Vermont forests. The conversation centered around the creation of voluntary guidelines and best management practices for Vermont forests and the potential to apply for Working Lands Enterprise Fund. The VAFPDB heard a presentation from Paul Costello, ED VCRD on the Working Landscape Partnership and Coalition. A motion was passed by the board for Chair Len Bull to draft a letter endorsing the Working Lands Enterprise Fund request of \$5 mill per year, for three years, and that the board will robustly participate in supporting the appropriation for the initiative by educating their legislators and community in support of the Working Lands Coalition. A panel of experts will be brought in at the next VAFPDB meeting scheduled for Wednesday, January 9, 2013 to discuss GMO's (implications to producers, definitions and terminology, separating emotion from facts).

Agency has hired Kyle Davis to be the Ag Specialist for ACT 250. Kyle was recently an intern with Diane Zamos and will bring his experience working with Diane to the ACT 250 part time position. Kyle will begin on December 28.

Agency of Ag will use Dairy Promotion Funds to have a centerfold in VT Life for dairy product producers that competed and received awards for their dairy products in several competitions last year. This will be in the summer edition and this winners circle theme will be used at retail stores and in connection with the VT Cheese makers festival in summer 2013.

Food Safety and Animal Health and Consumer Protection

Consumer Protection was notified this week that our Weights and Measures Lab has received full certification from the National Institute of Standards and Technology. This allows us to do testing work that is recognized by other states. This is a tremendous accomplishment after losing our lab in Irene. BIG congratulations to Marc Paquette, Weights and Measures Specialist / Metrologist, for his work and dedication to bringing this to fruition, and all the Consumer Protection staff that assisted.

Henry Marckres, Consumer Protection Chief, recognizes an employee of the ARM Division for her help on a maple issue. During an inspection for organic certification, a maple company was told that they needed to use food grade bleach in processing. I asked the question of Anne Macmillan, who researched and found that regular bleach is acceptable to use. Her findings were sent to NOFA, who agreed and changed their requirements. Anne's assistance will help other maple producers and packers comply with the organic standards. Thanks Anne!!!

AH completed 5 interviews for the Animal Health Specialist position and has extended an offer to one of the applicants. He has issued a verbal acceptance and will be joining the animal health staff in early January.

Assistant State Vet received her Vermont Veterinary License and is now too legit to quit. This is a most excellent Christmas present for the State Veterinarian.

Assistant State Vet was accepted into the Foreign Animal Disease Diagnostician training course slated for the end of January at Plum Island. Completion of this course will allow a representative from the Agency to investigate suspected foreign animal diseases.

Assistant State Vet participated in the monthly conference call of the National Assembly of State Animal Health Officials. The agenda included an update on the CWD Program Standards Review and a discussion on guidance being proposed to minimize the risk of zoonotic influenza transmission between swine and people in the fair settings. The National Association of State Public Health Veterinarians is working in close collaboration with the National Assembly of Animal Health Officials to bring together a multidisciplinary team to develop animal and public health guidance to minimize the risk of zoonotic outbreaks of swine influenza in fair settings.

AH participated in a USAHerds users group conference call to discuss ways to track animal identification, the group forum, and some upcoming enhancements to the program for those states that have a maintenance agreement.

Animal Health Program Coordinator engaged in compliance activities and completed the weekly market report at Addison Co. Commission Sales in East Middlebury Vermont on 12/17/12.

Animal Health Program Coordinator spoke with Cargill slaughter cow buyer regarding new Livestock Auction Barn in Franklin Co. Apparently Empire Livestock will locate the new facility in Enosburg Falls. The first weekly sale will be held sometime in April.

Animal health field staff completed a tissue residue violation investigation that was referred by FDA.

AH received report from the VT State Game Warden regarding treatment of cattle on an Addison Co. Dairy farm. Complaint is being followed up by a humane officer. AH Section will be informed if any enforcement is taken.

AH Program Coordinator participated in a meeting with the Agricultural Fairs Capitol Grant committee for review of the fairs applications

AH Program Coordinator completed testing at Dresser Hill for MS & MG on a new breeding flock for the export of hatching eggs

AH Program Coordinator performed poultry testing in Hinesburg for Paula Rupp.

AH Program Coordinator is completing a draft of the workplan for the 2013 USDA cooperative agreements. The drafts will be reviewed and edited as needed prior to submission to USDA for hopeful approval.

AH administrative assistant trained two admin. colleagues this week on the process necessary to issue import permits to individuals wishing to import livestock into Vermont. Having multiple employees who can successfully complete this task will allow this to be done successfully even when the AH administrative assistant is out of the office.

Meat Inspection

Meat Inspection Program Chief has been consulting with an individual looking at a possible lease for the idle Grand Isle slaughter plant.

Program Chief has had some initial contacts with an individual looking at the possibility of a slaughter/process/value added curing facility in Greensboro.

Several parties are interested in startup of custom slaughter facilities and the program Chief is beginning talks with these people.

Program Chief spoke with John Ramsey of the Vermont Land Trust concerning a property in Colchester that is being looked at for the development of a custom slaughterhouse for the purpose of serving the Muslim community in their search of goat meat that they can slaughter themselves in an approved facility.

Program Chief completed the biennial report and it has been forwarded.

Preliminary talks with FSIS for implementation of the Public Health Information System (PHIS) for state inspection programs is on-going as FSIS works on a train the trainer program. Once developed, Vermont will adopt it as part of its "at least equal to program".

Agricultural Resource Management

Vector Management Coordinator

Alan Graham presented a paper summarizing the results of the 2012 arbovirus season at the Northeast Mosquito Mosquito Control Association meeting in Mystic, CT. The meeting provided a forum for a regional discussion of arbovirus issues with both health care officials and mosquito management coordinators. At the meeting Alan and two research scientists from the Connecticut Agricultural Experiment Station, Goudarz Molaei and Philip Armstrong, received a John J. McColgan Grant-in-Aid for their current research project on blood-feeding behavior of Vermont mosquitoes. Erica Berl, Vermont Department of Health, and Mort Pierport, BLSG Mosquito District, also attended the meeting. Erica and Alan had a paper published this week in the American Journal of Tropical Medicine and Hygiene, discussing the results of the 2010 deer serosurvey. Here's a link to the PubMed site where you can download the article: <http://www.ncbi.nlm.nih.gov/pubmed/23208886>

Water Quality

A farmer in Fairlee was issued a notice of violation for violations of his large farm operation permit. The farmer had been issued an amendment to his LFO permit to allow for the construction of a barn. The amendment specifically stated that the barn was not to be populated with animals until the farmer submitted additional information to the Agency regarding waste generation and storage capacity. However, he populated the barn without providing the required information to the Agency.

A landowner and tenant farmer in Bennington have been issued a notice of violation for violations of the Medium Farm Operations General Permit. The parties have failed to maintain the required freeboard in a manure storage structure that is at full capacity. The parties have been given until January 15, 2013 to draw the level of the pit down, or the proposed penalty will be imposed.

Secretary's Comments

MEETINGS

Conservation Easement Proposal - participated in study group meeting to try to finalize proposal on how to address easement changes. Agreement was not attained further meetings being held. I continue to argue against creating more process than is needed for a problem that is not very great.

Chris Bray, Senator-elect - met to update the Senator on upcoming session and issues evolving in the area of agriculture. Bray is requesting Ag Committee assignment.

Robert Labrie, Townsend VT, Current Use issue - horse farmer/breeder who has not been able to get current use taxation for his farm buildings. He has been struggling with current use clarification for years and is now confronting a tax sale. Communicating with Mary Peterson for help. Farmer appears to have a good case.

Working Landscape Enterprise Board meeting - first meeting with board since let the RFPs. Reviewed likely issues on application reviews. Listened to presentation on forestry economy, issues and opportunities.

Doug Lantagne, Dean of Extension - discussed extension's help in working with dairy farmers on improving profitability.

Water Quality Discussion with Northwest Farmers - participated in second facilitated meeting with farmers to solicit their ideas on how to mitigate water quality issues and do their part for the TMDL required by EPA and being constructed by DEC. About 35 farmers showed up. Conversation was positive. I framed the significance of the issue and conversation in blunt terms. They appreciated it and responded well.

VT Farmstead Cheese, Woodstock - joined Kristen B. (ACCD) and Diane Bothfeld in meeting with Vince G. to consider how to leverage EB5 monies to establish VT Farm Store in Boston and NY to sell VT products from cheese to higher ed. Vince is very interested and we agreed to pull together VT state EB5 experts to explore how EB5 resources can be utilized. More conversations to be had but positive headway.

Big E Trustees - met with Trustees to explain plan for 2013. Informed them that VAAFM has been officially notified by Big E staff that Long Trail will no longer be able to sell beer in the VT building. Explained how this requires VT to break a contract with Long Trail, it creates potential difficulty for our relationship and hurts VT's short and long term economic viability at the Big E. Further explained that I would have to bring this up to the Governor's level given all the implications. Trustees were very concerned and will attempt to address with their staff.

Terry Bradshaw, VT Apple Growers - Terry is the President of the VT Fruit Tree Growers Association. I met with him to explore ways we can help orchardist be successful in VT. We agreed to look at how to support market development in southern New England.

Dairy Farmer Discussion group, Conant Farm, Richmond - plan to meet with group of young and old farmers to discuss issues and opportunities these farmers have faced this year and see as they look forward.

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Brian R. Searles
DATE: Friday, December 21, 2012
SUBJECT: VTrans - Confidential Report to the Governor

Timber Creek at Okemo (Act 250 proceeding)

VTrans is a party to these proceedings concerning a left-turn lane that the developer is required to build, a study of the Rt. 103 corridor that is also required along with the normal debate about the “Last One In” status of developer costs of Commission required payments and the possible alternative of a formulaic “Fair Share” approach, which we believe is the fair way to proceed.

What made this proceeding different were the comments of two Commission members, both former legislators, Mike Bernhardt and Stephan Morse. They essentially suggested that “Last One In” is unfair and we should do something about it and Morse suggested that developers shouldn’t be responsible for any improvements in the highway system as this was VTrans responsibility.

Staff took the criticism in stride but it was their impression that these two thought legislation is in order.

511 Performance

The 511 system has not been performing well this year due to problems with the contractor which resulted in their dismissal. We decided to attempt to run it ourselves while a new regional system with New Hampshire was developed and implemented.

The good news is that we should have the new regional system in place for next winter and we are working on some short-term fixes that should improve the current performance. By January 1 we will be able to show road conditions by County. We will also have information flowing smoothly from the system to Twitter and out to the public automatically, instead of having Eric Filkorn, the project manager, have to tweet everything as it happens. FHWA is a partner in the new regional system and will be assuming much of the cost. This is a change from our recently canceled contract that required a significant amount of state funds to keep the system going.

FY-2014 Revenues

I met with Sen. Mazza and Rep. Brennan this week to go over the plan of attack concerning the budget shortfall. They are in agreement that the early part of the session (Jan. 8 – 24) will be dedicated to the recently completed Task Force Report on the overall revenue outlook. A joint House and Senate Transportation Committee hearing on this five-year problem statement that does not include specific recommendations will happen before your budget address and should be well covered by the press thus setting the stage for any of the FY-14 specifics you announce as part of the speech

Moving Day

This report is the last official task in my current office as I am packed up and ready for the 2-3 week process of reconstructing our space.

As a result I will be set up to operate from home from tomorrow through the 30th and will come to Montpelier only occasionally. I will spend the 30th of December to the January 7th, 2013 in Florida and will be back for the start of the legislature and to get set up in the new space which happens on or about January 11, 2013.

Happy Holidays!

DMV Facial Recognition System

DMV has initiated the first use of our new facial recognition system. We are testing and comparing images only within our data base at this time. The expectation is that we will expand the technology about January 1, 2013. All law enforcement inquiries will be routed through DMV officers.

To: Honorable Governor Peter Shumlin
From: Annie Noonan, VDOL Commissioner
Re: Weekly Report - Weeks ending December 14 and 21, 2012

Issues of critical note:

Unemployment Rate dropped three-tenths of a one percent, to 5.2%, and Total Employment numbers are "up". This is very good news as we enter our traditionally higher months of unemployment. The construction industry and granite industry folks are calling me to complain again about the 10-week layoff Work Search requirement. We have been slightly flexible if the recall time extends just slightly beyond that threshold, but they essentially want a "pass" on having to conduct any work search during their employment layoff term. I have some ideas that might smooth out some feathers. I have been working with Tracy Phillips and Mat Barewicz on reviewing negative balance employers' data, as well as the Trust Fund Model (attached). UI and Wage & Hour News: Vermont Employers FUTA Tax Credit Reduction has been widely announced to the employer community; loss constitutes an additional \$21 per employee. (Reminder): Minimum Wage increase is effective January 1st from \$8.46 to \$8.60. Taxable Wage Base will remain at \$16,000 per employee for reporting year 2013. The health care contribution remains at \$119.12 for each "uncovered" FTE above the current FTE-exemption of four. The amount an employer may deduct from wages earned for meal and lodging has been updated and is on our website. VDOL is preparing for the end of EUC (December 29th), and the 1,400 Vermonters who will lose unemployment benefits under the federal Extended UC program. This will not impact our UI rate for next month, however, because these individuals are already embedded in our counts. UI contingency funding will have some transfer to the UITF, after some equipment costs are allocated. The UI Interest payment for September 2012 is estimated at \$1.6M. This will reduce the debt to the feds by about \$700K. We have not yet seen the legislation from Leg Council which allows UI experience rating 'storm forgiveness'.

Call Center Statistics: For the week ending 12/15/12 we took 3,395 calls. The average wait time was about 1.20 minutes. We processed 713 initial and 629 additional claims. This is an increase of 8 initial claims and a decrease of 49 additional claims from the week ending 12/8/12. Ten (10) claimants exhausted all tiers of benefits with the week ending 12/15/12 compared to 9 claimants who exhausted all tiers of benefits during the week ending 12/8/12. We paid 6,928 claimants during the week ending 12/15/12 compared to 6,815 for the week ending 12/8/12. Reminder: This is a traditionally high period of unemployment claims for Vermont. The Re-employment Eligibility Assessment Program continues to make a difference in duration by as much as 30% reduction in time on UI.

Workforce Development

NEK/Stenger Project: VDOL's "point person", Cindy Robillard, held a meeting for people involved in construction work. Here is her summary: On Wednesday, 12/12/12, I convened a meeting of key partners to discuss a strategy for the immediate needs in the Construction sector. Attendees included: Jim Greenwood, Eileen Illuzzi, Michelle Tarryk (NEKLS), Trish Sears, Neil Morrisette and Grant Spates. Grant was very helpful in providing insight into the bidding process, project timelines, skills he looks for when hiring and suggestions on training that would be valuable. We mainly focused on preparing to handle the immediate need that will occur in early spring 2013. We also discussed a comprehensive training program that would be developed between NCCC and NEKLS including, Basic Job Readiness/Resume, VOSHA-10 training and Basic Math and Measurement. This would be offered in January and would run for about 6 weeks. Eileen and Michelle will work to finalize the details and we will then promote it, referring interested candidates to VDOL for assessment. We learned from Neil that Labor Ready, a national staffing agency currently located in the Burlington

area is intending to open a satellite office in the Newport area and has hopes to do much of the short term placement work. (Note from Noonan – this is a serious concern to VDOL since this “temp agency” will reap much of the benefit of the wage charges to the companies that use them, and the employees will likely receive much less in wages as a result). I will make a plan to meet their representative. On Thursday, 12/13/12, I attended a meeting of the Newport Renaissance Corp. At this meeting Trish Sears shared updates from the Jay meeting the week before. We also learned that the Renaissance Corp has received a grant and contracted with UVM Extension to develop and distribute a survey to look at patterns and interests that bring people to Newport. It will address shopping, dining, entertainment, recreation and other services. I spoke with them after the meeting to make sure they know Matt B and see how his labor market data might be cross-tabulated to add additional value. Ann Nygard and Penne Ciraldi discussed some initial steps they will be taking. I am meeting with them on Wednesday, 12/19/12 in Randolph to provide input into the strategy that will be employing. Ann and Penne have both shared that they want to develop a process that addresses the broad issue of Workforce Development while addressing the specific needs of the NEK projects. I expect I will be a resource on what training programs currently exist, who the key players are in the region and being the key contact to the employer community. I have sent an email and left a voice message for Eileen Illuzzi to follow up on a request from Ann Nygard. She would like to have access to the “binder” of data related to the hospitality industry and has had not success in getting it. She stated that she feels there is some reluctance to share this data on the part of either NCCC or Gloria Bruce who worked to develop it. On the call, we all agreed that I should try to facilitate the sharing of this data at my level. Since the work was produced with WETF monies, it should definitely be made available to any workforce development partner that feels it could be useful. The group agreed that if I meet with any resistance, I should let Annie Noonan know as she will likely resolve this dispute quickly. On Wednesday, 12/19, I met for the first time with Ann Nygard and Penne Ciraldi to develop our strategy and form our team. We met for 3 hours and have the beginning of a solid framework to direct and guide us going forward

Energizer: Report from VDOL Rapid Response, (by VDOL Staffer Melanie Langevin)

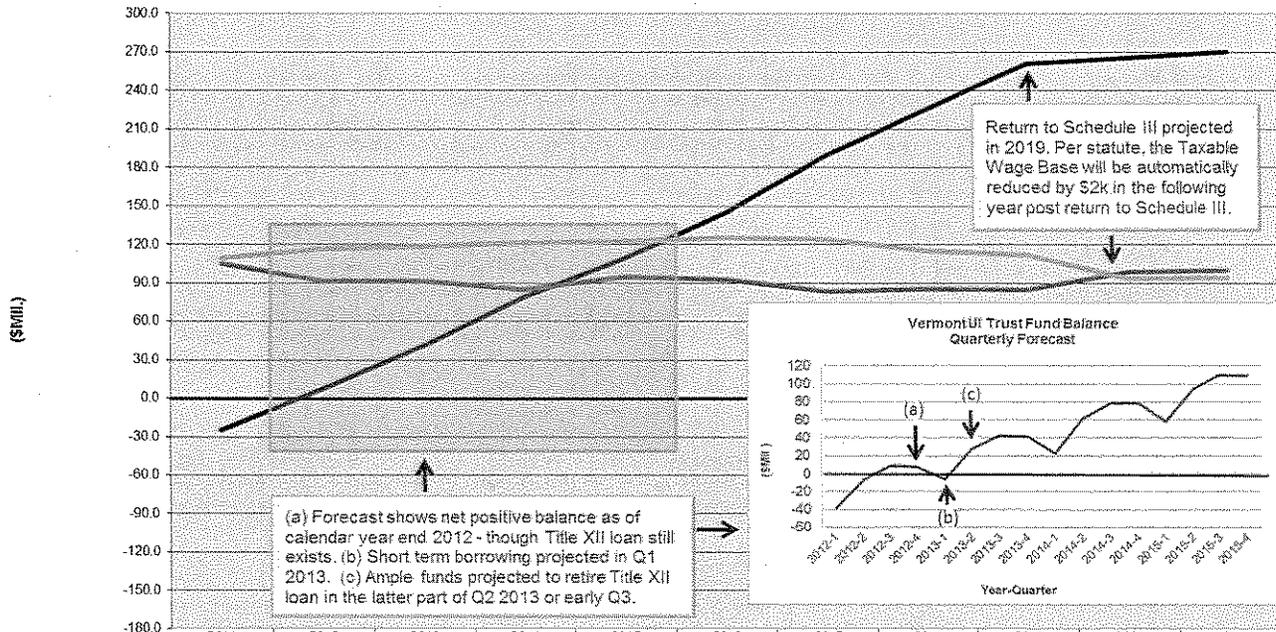
The rapid responses for Energizer went well. Their HR will be providing me with a list of those who attended the sessions. There were 28 people who attended the first session yesterday and today 19 at the 6am session. The 7am session was the largest group and had well over 50 people. Questions were geared around UI and training. Lisa Elliot of VDOL UI did a great job covering UI issues. As far as training, I encouraged individuals to complete the “skills and interest surveys” and get those to us either through their HR or directly to me. A few individuals are looking at enrolling into college full time – I provided info on VSAC and Pell. We also explained training waivers. VT Associates had some interest – some people signed up to meet with a case manager at a later date. After the sessions, in a separate conversation, Energizer’s HR Staff expressed concerns with the employees finding employment prior to the projected layoff date of 9/30/13, specifically with Mylan. They didn’t give me a specific number but informed me that Mylan has made employment offers that would entail starting work before Energizer is ready to have them leave. One of these individuals is someone I met with about two weeks ago to update his resume. Mylan’s recruitment process has always been at a snail’s pace so I was surprised he already had an offer. Energizer’s HR, along with Tim Smith (FCIDC), will be meeting with Kent Eldridge (Mylan HR) this Friday to discuss how they can work together. Kristina told me that if they lose too much of their workforce that Energizer could end up closing the plant sooner than 9/30/13. Energizer has also informed me that they have brought back some of their retirees to help get them through to 9/30. These retirees will be employed through SMX, on-site staffing agency for Energizer, at the pay rate they retired at. Energizer is having a holiday party at the plant for their retirees this week and will announce this opportunity to them. Energizer’s HR staff would like to meet with us sometime after the holidays to inquire about the next step. As far as a more in depth Rapid Response, they are looking at May or June. Employers have contacted them in regards to job openings. Energizer is only gathering the information on these at this time as they aren’t ready to have employees leave yet. Energizer might be willing to do some type of job fair down the road,

probably the May/June time frame. I'm on a job fair committee that is holding its 15th annual job fair on 3/28/13. Historically, we've had 60-80 exhibitors. Energizer HR staff asked that I not mention the job fair during the rapid response.

Legislative: Met with Alex and gave her our detailed written summary. Meetings with legislators and stakeholders are taking place with VDOL daily.

UI Trust
Fund

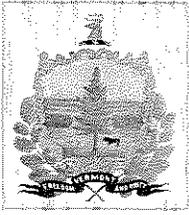
Vermont UI Trust Fund Forecast - November 2012



(a) Forecast shows net positive balance as of calendar year end 2012 - though Title XII loan still exists. (b) Short term borrowing projected in Q1 2013. (c) Ample funds projected to retire Title XII loan in the latter part of Q2 2013 or early Q3.

Return to Schedule III projected in 2019. Per statute, the Taxable Wage Base will be automatically reduced by \$2k in the following year post return to Schedule III.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Trust Fund Net Balance	-24.8	7.9	41.4	78.7	109.0	144.7	189.5	225.5	260.9	265.8	270.4
Benefits	105.4	91.2	91.3	85.0	94.4	92.6	83.7	85.4	85.1	98.8	100.2
Contributions	109.2	116.8	118.4	120.8	122.6	125.2	124.0	114.9	111.9	93.6	93.9



State of Vermont...

Department of Financial Regulation

89 Main St. Drawer 20 Montpelier, VT 05620-3101 Main Number: 802-828-3301

Divisions: Banking, Insurance, Captive Insurance, Securities, and Health Care Administration

www.dfr.state.vt.us

Memo from Commissioner Steve Kimbell

CONFIDENTIAL AND PRIVILEGED – NO SHARING Report to the Governor for Week Ending Dec. 21, 2012

Health Care Reform

Commissioner Steve Kimbell joined Jeb Spaulding, Robin Lunge and Mark Larson in Burlington Thursday afternoon for a meeting with LCRCC board members to talk about Exchange implementation issues. One clear sentiment expressed was that it is unfair for us on the one hand to encourage small employers to drop health insurance coverage for their employees and on the other hand to continue to impose the so-called employer assessment on employers who do not provide coverage.

Banking and Securities Divisions:

The Foreclosure Mediation Study Group held a meeting this week to discuss items for which an agreement has not been reached: the process for choosing a mediator, document exchange, and timeliness. The next meeting is scheduled for January 3.

A final draft report was distributed to the Elder Protection Working Group by Elliot Burg, OAG, and will be presented to the Legislature after the first of the year.

A couple of banks have been approached by medical marijuana vendors seeking to open deposit accounts. Banks are reluctant and refusing to accept such deposits. Federally insured financial institutions are required to comply with anti-money laundering provisions. The sale of marijuana for medicinal purposes may be permitted under Vermont law, however it remains illegal under federal law.

Captive Division:

Deputy Commissioner David Provost reported that one new license was issued this week. License number 982 was issued to Gates Insurance Co., which was formed by LPCiminelli Inc. LPCiminelli is a privately held general contractor and construction management firm headquartered in Buffalo, N.Y.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: December 21, 2012
SUBJECT: Confidential Report to the Governor

CONNECT VT

Nothing to report.

BUILDINGS AND GENERAL RESOURCES

Significant Events/Meetings:

- Several meetings held re the DEW Barre City Place lease.
- Official announcement of Wanda Minoli as deputy commissioner.
- Talked to VSEA re Employee service memorial.

FINANCE AND MANAGEMENT

Issues Update:

2012 Form W-2: The payroll division has sent out flyers reminding employees to verify the address on their pay advice and make any required changes within the next 2 weeks to ensure that their 2012 Form W-2 is mailed to the correct address. This year, the W-2 will include all wages, withholdings, etc., through the December 27, 2012 pay checks.

FY 2014 Governor's Recommended Budget (and FY 2013 BAA): At this time, the FY 2013 Budget Adjustment recommendation package is largely complete in concept and will be ready for its January 2 hearing in the House Appropriations Committee. Commissioner Reardon continues to meet with department and agency heads to discuss their FY 2014 budget needs and develop a recommendation for

the Governor. For FY 2014, in particular, AHS has significant budget pressures that need to get resolved, and Commissioner Reardon has met with the agency several times over the past week to identify the problems and potential solutions.

SPOTLIGHT.vermont.gov: The State's fiscal transparency website is moving from development mode to production in the next few days. On Wednesday, December 19, 2012, Deputy Zeller held a meeting with DII, the CMO's office and the Governor's web staff to plan the technical links and assign web connections to Vermont.gov home page for SPOTLIGHT, the Governor's Dashboard and the Governor's Strategic Plan. The Governor's press secretary is now talking about formal roll out of SPOTLIGHT and the Dashboard at the January 4th Governor's Press Conference. Deputy Zeller will be meeting with Sue Allen about the website launch planning next week.

FY 2012 Audits: We have hit a late stage issue with the Comprehensive Annual Financial Report (CAFR) audit related to Department of Liquor Control. This issue needs to be resolved before KPMG will issue an opinion letter. The new completion date for the CAFR is projected to be no later than December 28, 2012.

HEALTH CARE REFORM

Status of Governor's Priorities:

Exchange implementation:

- Earlier this month, DVHA submitted the Blueprint submission to CCIIO for operating a state based exchange. CCIIO has indicated that they will announce the results on January 3rd. We expect to be conditionally approved. DVHA is preparing a press release for that announcement.
- DFR is currently reviewing the Co-op's licensure paperwork. The Co-op did not follow the statutory process and did not seek a certificate of public good. Because this is the first step in the licensure process, the Co-op has to start over. This is concerning to them, because they will not be licensed in time to submit forms and rates for review. Commissioner Kimbell scheduled the public hearing required as part of the certificate of public good for early January, but was asked by the Co-op to cancel the hearing. We had a preliminary conversation with CCIIO's director of the co-op program to alert them to the regulatory issues.

2014/15 Budget and Financing Plan: The finance group reviewed outlines for both reports and the sections have been assigned with a deadline of January 4th for a rough draft.

GMC Coverage and Financing Plan: Same as 3.

Workforce Strategic Plan: The reviews with stakeholders are nearly complete. David Reynolds and Robin Lunge will go to the GMCB on January 3rd to go over the report and request approval.

Workers Compensation Report: We are on the Governor's schedule for 12/28 to get feedback on what he would like to propose. We will recommend that we defer incorporation of worker's compensation health benefits into Green Mountain Care at this time. There are administrative simplifications which could be pursued to align the system more closely with health reform.

Legislative Issues/Contacts: Robin Lunge spoke with Rep. Fisher and Senator Ayer about scheduling testimony on the financing plans and on an Exchange update and demo from the vendor. She left messages for the Speaker and Pro Tem on the timing of the financing plan and the budget address.

Significant Events/Meetings:

12/13 – Act 48 progress assessment work group at Vermont Medical Society – Robin met with a variety of stakeholders who wanted to speak about several items related to the Exchange and Medicaid. She offered to continue meeting with them.

12/18 – 1:1 with John Evans VITL – Robin met with John Evans to review these thoughts on moving forward with VITL and making more vigorous progress. He agrees that establishing the health information network is the highest priority. We have a follow up meeting with DVHA to discuss priorities under the existing DVHA contract.

12/18 – monthly public conference call and advocate meeting – Robin met with the single payer advocates. We discussed how to move forward with establishing a public process around financing over the next two years. She asked their opinion of the legislative preference to have a committee process to determine the right public process for financing. They were receptive.

HUMAN RESOURCES

Significant Events/Meetings:

Secretary Miller, Robin Lunge and Commissioner Duffy met with representatives from Kinney Drug to discuss Kinney's business model, health care reform efforts and the state's health plan.

Deputy Secretary Clasen, Commissioner Reardon and Commissioner Duffy attended a meeting with representatives of the Red Cross to discuss emergency preparedness for a radiological event. Red Cross has analyzed current efforts and has indicated the state's current plan to respond and evacuate citizens is unrealistic. Red Cross is asking for additional funding and the ability to train state employees to act as evacuation coordinators. A follow up meeting has been scheduled with VEM to understand the current plan and assess what steps if any need to be taken to improve the state's plan and find staffing resources.

Commissioner Duffy attended a meeting hosted by the Department of Labor to discuss bullying and whether legislation should be created to address bullying in employment. Commissioner Duffy raised concerns about the definition of bullying and the additional burdens on the business community if a definition is vague or overly expansive.

Evolving Issues:

DHR is working with Secretary Spaulding to address executive compensation moving forward. To create parity but retain flexibility, DHR will administer executive compensation to ensure salaries are equalized within 30% of the current maximum of the ranges set by statute. DHR will also advise Agency and Department heads that they may consider awarding one time, lump sum merit bonuses to exempt employees, if the amount of those bonuses can be found within their existing budgets.

DHR is working with the Secretary's office and the Finance Department to address the position requests that have been made as part of the budget process. To date, approximately 150 requests for positions have been made, which is untenable from a legislative and fiscal perspective. DHR will sweep currently vacant positions into the position pool, require Agency and Department heads to justify why any of the positions should not be swept, and use the positions garnered from this process to fill some of the existing position requests. Thereafter, the Secretary's Office will determine which requests for positions will be made as part of the budget process.

Deputy Secretary Clasen and Commissioner Duffy, with input from representatives of Finance, Information and Innovation and a consultant, have negotiated a change order with Cherry Road on the ERP expansion project. This change order will extend the go-live date to early May. The costs for the additional time will be split 52 to 48%, with the state paying 52%. The state will also release some retainage, but will maintain sufficient retainage to ensure successful completion of the project. Secretary Spaulding, Commissioner Reardon and Deputy Commissioner Thompson approved this approach.

INFORMATION AND INNOVATION

Nothing to report.

LIBRARIES

Significant Meetings/Events/Project Updates:

Vermont Public Library Foundation (VPLF) Receives Grant from the Turrell Fund: The Turrell Fund ("A Foundation Serving Children") authorized a grant of \$22,178 to the VPLF to support the VT Early Literacy Initiative, a partnership between LIB and the Vermont Center for the Book. The grant is in response to a proposal we submitted for funds to purchase books and hands-on learning materials for 20 public libraries, 100 childcare providers and 200 families. The project will focus on literacy and mathematics skills, with books and activities provided for use in library programming.

TAXES

Nothing to report.

**CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM**

TO: Governor Shumlin
FROM: Armando Vilaseca, Commissioner
DATE: December 21, 2012

Newtown Tragedy: In response to the Newtown tragedy I forwarded superintendents, principals, and DOE staff a list of resources to support and assist during this unsettling time. We also updated our School Safety webpage with relevant resources to address a variety of issues that school staff could potentially be facing. You can view this page by clicking here: <http://goo.gl/6qFr4> . We will also be including this information in our Weekly Field Memo. Additionally, I spent a good amount of time fielding press calls and communicating with other state agencies. I met with Steve Earley, Chair of the Vermont School Crisis Planning Team (VSCPT) on Monday and had conference call with Commissioner Flynn. We have been working closely with law enforcement (Corporal Mark Moody, Montpelier Police Department, Captain Rob Evans, Vermont State Police, and Captain Rick Hopkins, Homeland Security) to update each other on communication and outreach to schools and communities. The VSCPT and VSP met with the Vermont Principals' Association, Vermont Superintendents Association, and Vermont School Boards Association to coordinate communication to the schools, school boards and community. We are all working together to share a consistent message and to continue to collaborate across state agencies and task forces.

Building Bright Futures (BBF): I began this week by attending the BBF Council meeting in Williston where discussion continued on Dr. Squires report identifying findings and forming recommendations to increase access to quality publicly funded pre-kindergarten. The plan is that by January 9, 2013, the BBF will craft a document, including those legislative and policy recommendations that the Council supports of Dr. Squires' findings.

Dual Enrollment/Innovation Zones: Commissioner Vilaseca and Deputies Fischer and Talbott have been engaged in a series of meetings with executive office staff, discussing dual enrollment expansion and collaborations with the Department of Corrections and Community High School of VT.

State Board of Education (SBE): The State Board held its monthly meeting on Tuesday, December 18. The Board approved supervisory union studies for the Winooski Supervisory District and the Windsor Northwest Supervisory Union. Department staff will conduct the Windsor Northwest Study and we await the decision of the Winooski Board as to whether or not they wish to conduct the study or have the Department do it. In either case, we may need to contract out to complete this work in a timely fashion. The Board heard an update on the work of the Education Quality Standards Commission (EQS) and spent time talking about the implementation and transition pieces of Act 98.

It also appointed its own legislative Committee: Bill Mathis, Chair, Brian Vachon, Sean-Marie Oller, and Lachlan Francis.

Education – Join the Conversation: On Thursday I recorded this month's roundtable discussion that celebrates Vermont teachers. Participants included Jay Hoffman, 2013 Teacher of the Year. Matt Hajdun, 2012 Milken Educator of the Year, and Tong Chen, 2012 Teacher of the Year. This discussion will provide a glimpse into today's classrooms, talking to educators who are implementing "best practices" and have been honored as excellent teachers. More info can be found here: <http://goo.gl/5IfPV>.

State Support Team (SST) Visit: At the end of this week, the SST met with members of the Leadership Team for the purpose of laying the foundation regarding the importance of establishing formalized Data Governance processes within the DOE, both as it relates to the Statewide Longitudinal Data System (SLDS) project as well as other DOE operations.

CONFIDENTIAL MEMORANDUM TO GOV. PETER SHUMLIN

From: Susan Spaulding
Date: December 21, 2012
RE: Boards and Commissions Update

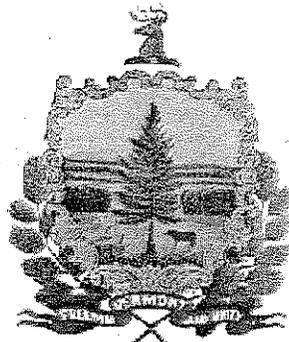
District #6 Environmental Commission: I spoke with Julie Wolcott. Her term doesn't end till 1/31/2015 but she is doing volunteer work with act 250 applicants and is concerned she doesn't have enough time for the Commission. She would like to have Paul Madden replace her. When I discussed other Alternate Members who might like to become full Members she said Paul would not do it if he was an ALTERNATE. I explained to her that there is not a vacancy until she submits her resignation. She didn't want to submit her resignation until she knew if Paul would be appointed. I told her I didn't think I would be able to provide her with that 100% guarantee. I also pointed out that if she didn't resign and wasn't able to participate due to her time commitment or conflict of interest that one of the current ALTERNATES would be able to participate in her place.

Lottery Commission: Arthur Ristau's term ends 2/28/2013 and he does not want to be reappointed. Harlen called to recommend Patrick O'Brien. Patrick is the son of Leo O'Brien who ran for Governor in 1970 against Dean Davis. Leo's brother, Danny, was Chair of the Democratic Committee in the 70's. They have deep Democratic roots. Liz was going to talk to Alex about asking Jake Perkinson but if we want to go with Patrick O'Brien we should nix that conversation.

Board of Education: Since I am not in the loop on this I want to make sure you have this info. At our last meeting names that came up were Emerson Lynn and Stacey Weinberger. Should someone talk with Don Collins about resigning from his seat now that he is in the legislature?

BC RECORD						
Last name	first name	City	Board/Commission	Initial appt	ending date	Comments
Collins	Donald	Swanton	Education, St Board	3/1/2009	2/28/2015	
Francis	Lachlan	Putney	Education, St Board	6/1/2012	6/30/2014	Student
Harris	Laura	Williston	Education, St Board	7/1/2011	6/30/2013	Student
Johnson-Aten	Bonnie	Montpelier	Education, St Board	3/15/2012	2/28/2018	
Larsen	Kathryn	Wilmington	Education, St Board	4/18/2007	2/28/2013	
Vacancy			Education, St Board		2/28/2015	
Mathis	William	Brandon	Education, St Board	2/24/2011	2/28/2015	
Morse	Stephan	Newfane	Education, St Board	9/3/2009	2/28/2017	
Oller	Sean-Marie Navin	Bennington	Education, St Board	3/1/2011	2/28/2017	
Vachon	Brian	Middlesex	Education, St Board	3/1/2007	2/28/2013	

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: December 24, 2012
SUBJECT: Governor's Report

Meetings have been held each week between Division of Fire Safety and BGS regarding the Middlesex temporary housing project. Both groups are working to ensure every effort will be made to meet the January deadline while making sure the project meets all codes and construction standards. Commissioner Obie has been great to work with on this project, this week through him and his staff we received all the plans necessary to move forward with this project and do everything possible to meet the deadline.

You've been kept in the loop with the activities of the storm yesterday carrying over in to today. We'll continue to keep you updated while doing everything possible to assist our communities stay safe.

Memorandum

Vermont Public Service Department

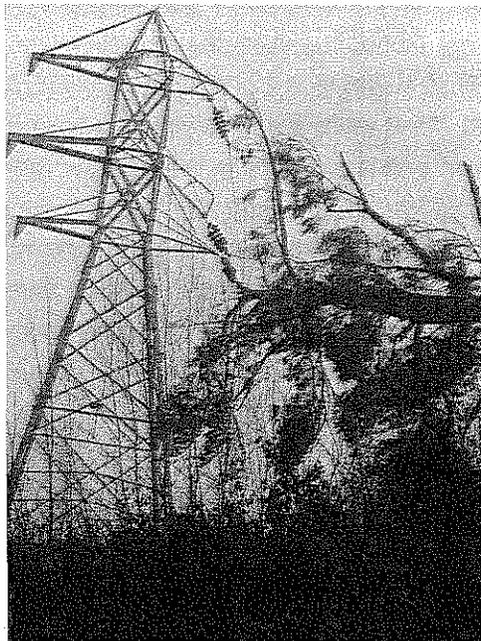
Privileged and Confidential

To: Hon. Peter Shumlin, Governor & Sarah London, Governor's Counsel
From: Christopher Recchia, Acting Commissioner
Subject: Weekly Report
Date: December 21, 2012

Governor Level Issues:

Status of Priorities and Cases of Interest:

- **Winter Storm Power Outages:** As of 4PM: GMP reports about 18K customers without power and severe damage in Middlebury area from wind alone (i.e. poles breaking just from wind – no trees). Expect it may take until Sunday to restore all. VEC reports about 4,000 outages, but expects to have all but a few hundred restored tonight. Balance tomorrow. WEC has outages as well but expects to have them restored before dark. 34kV line from Essex to Richmond just reported down –



- **Vermont Gas – Addison Line:** VGS did file December 20th with the PSB. VELCO has told me they have an MOU with VGS to put the line in the VELCO right of way. VGS would prefer the

alignment they've proposed as it reduces the number of property owners affected, and also avoids environmental, archeological and constructability issues. We are getting some letters of concern, but VGS's filing in which they state they are willing to consider other alignments, combined with the scheduling of public meetings, may be diffusing the situation in Monkton and Hinesburg a bit. We issued an RFP for a consulting gas engineer to assist with the project review.

- **VY:** Legal and expert expenses are quickly overwhelming any balance we have in GRT carry forward. AG's bills through December are an additional \$165k and based on that, the six month total the annual expense may be about \$330k before July 1. I *think* I convinced EVY to pay CPG related costs – currently invoiced at about \$450,000 but more like \$1m incurred expense range. No need to give me a bonus until AFTER the check appears!
- **Thermal Energy Task Force:** DPS staff drafted the Executive Summary and Introduction (which includes: Taskforce purpose, historical perspective on EE, and concurrent efforts) of the TETF report and compiled the remaining sections submitted by the subcommittees into a final draft report. The draft TETF report will be sent to members today. Comments will be due from members on January 3rd. Spoke to Matt Coda in hopes of sanity prevailing.
- **Clean Energy Development Fund:** In spite of the Board agreeing to assign an additional \$300,000 into the small scale renewable energy incentive program (SSREI) just last week, the reservations for new projects has almost depleted the fund again. We were hoping the money would last until the January e-board meeting, but it looks like the program will need to close up shop for a little while. That means that the program will very likely be shut down for new reservations on January 1. That will leave the program suspended until at least the end of January (longer if we run into delays in getting the contract with VEIC amended), and we won't know if there is money until Jan. 15th. These interruptions are annoying at best, and cause businesses real problems at worst. This will cause REV/solar industry folks to complain. The small installers say that they would rather see the program end than have all the changes and stops and starts. The bigger players still say that an incentive payment is essential, even at levels below \$0.50/watt which is where we are headed with proposed changes designed to make the money last longer.

Legislative Issues/Contacts:

- **Act 125 Net Metering Report:** We completed the public review draft of this report on Net Metering and sent it out for review today.

- **Digger Discussion:** Shap, Benning and Klein are going back and forth on Digger blog regarding Wind and TETF: <http://vtdigger.org/2012/12/19/legislative-preview-thermal-efficiency-initiative-land-use-planning-top-list-for-this-session/#comments> .
- **Smart Meters:** Cynthia Browning wrote trying to understand what is happening. We are responding with copies of our letters of last week. No fallout from notice to legislators about the continuous RF of the DigBee chips yet.

Press Issues/Releases/Contacts

- **Noise:** Terry Hallenbach of the Burlington Free Press has requested copy of the Sheffield noise report filed by First Wind, which has been provided; they have also requested data on noise complaints, which is being assembled. I spoke to her about what we're doing and that the noise reports are not consistent with what we were told to expect.
- **Moratorium:** I spoke to Peter Hirschfeld on Tuesday about the proposed moratorium. Bad policy, sends wrong signal, we don't need it to address concerns, etc. We'll see what comes out.

Significant Meetings/Events:

- **Energy Generation Siting Commission:** The Commission met on Wednesday and is going forward with 3 additional informational meetings. We will be changing format to begin discussion rather than testimony structure in upcoming meetings. We are hearing vberly interesting ideas from other states.

Evolving Issues:

- **Wind Noise:** We are conducting monitoring at Sheffield this week, and our contractor from Boston decided to go up there without snow tires, went off the road, was pulled out by a First Wind employee. So, it appears the element of surprise may have been lost! It also appears First Wind may be adjusting the operation of their turbines and shutting them down during higher wind conditions, which would be bad and require action on our part. We are investigating the facts and our options and will report more as we learn more.

Everything Else:

Summary of Key Department Activity, By Division:

Public Advocacy and Consumer Affairs:

Vt. Yankee CPG Renewal – Docket 7862 etc. – The flurry of filings continued this week in the Vermont Supreme Court and federal District Court. In the Supreme Court, Entergy VY (EVY) filed in opposition to the New England Coalition (NEC) petition to have the Court enforce the PSB's order in Docket 6545 (the "sale docket"), and NEC filed a reply to the Department's opposition to its petition; in federal court NEC filed in opposition to EVY's motion asking the court to order NEC to withdraw its Supreme Court filing, and EVY filed a reply to NEC's opposition. The Court has assigned a docket number and will hear arguments to dismiss on January 16th.

Meanwhile, the PSB proceeding proceeds. EVY has motions pending to strike various prefiled testimony and for partial summary judgment; PSD and other parties' responses to those motions are due today. PSD is discussing discovery matters with EVY and filed supplemental responses yesterday. Outside counsel Wilmer Hale (WH) is doing the heavy lifting. The PSD's contract with WH is out of money, and an amendment increasing the amount and adding ANR as a client is in process (currently under review by AGO and SOA). Hopefully, ENY will pay the CPG bills.

Sheffield Wind – Docket 7156 – The Department's sound expert, Rich Letty, has begun noise monitoring in the area of the Sheffield wind project, specifically near the Therrien's residence. The wind direction is favorable. Unfortunately, First Wind knows we are there and there is some indication they may be modifying operation of the turbines, which would be a bad result. The Therrien's "advocate" Ms. Smith has already complained about how the monitoring is being done.

EGP Sheldon Solar – Docket 7914 – The deadline for parties to enter into an MOU in the Docket lapsed on December 19 without the parties executing a stipulation. The issue of public/recreational access to the site per the current FERC license remains unresolved. The state agencies (ANR and PSD) contend that as the Board has jurisdiction to site solar facilities, and under the current FERC license public access is required, this issue should be considered in any potential MOU. The issue remains fluid with EGP engaging in a certain amount of brinksmanship at this time. A status conference to discuss this issue will be held today.

AT&T Montpelier 248a Application – [No Docket] – The Board rejected an AT&T 248a De Minimis Modification Application for a proposed modification to an existing facility in Montpelier, citing that the proposed antenna placements violated the statutory requirement that any modification does not add 10 feet or more to the height of the support structure. The Department has supported the application because the proposed placements did not extend above antennas already in place at the facility. AT&T has asked for reconsideration of the order

dismissing in the application, citing differences in definitions between the statute itself and the Board order implementation order. The Department supports the motion for reconsideration, as it feels the proposed modification meets the de minimis requirements.

LED Rate Case – Docket 7915 – The Department and LED executed an MOU approving the rate change proposed and later modified by LED. The MOU contains two-year phase in period for the change.

VLITE – No Docket – In order to assist VLITE, the Department drafted the Board’s December meeting minutes and has delivered all of the VLITE paperwork to the VLITE secretary. With these last administrative tasks, the Department’s formal assistance of the VLITE Board has ended.

GMP Base Rate Filing – TF # 8373 – GMP filed a base rate change (0.4% decrease) in August, for effect 10/1/12. PSD supported the decrease and it went into effect on schedule. AARP requested that the PSB open an investigation into the filing. On 12/13/12 the PSB issued an order denying AARP’s request. The Board found that the costs questioned by AARP were relatively small in the context of GMP’s cost of service, calling into question whether an investigation would be worth its cost (which is paid by ratepayers).

Constellation Energy Commodities Group, Inc. – FERC Docket IN12-7-000 – VELCO has wired or mailed the Vermont portion of the disgorgement money to each distribution utility in accordance with the FERC order.

Clarke Solar in Rutland, LLC Project – Docket 7957 – The Board has scheduled a prehearing conference for January 3, 2012. The Department has informally begun discussing issues and schedule with the petitioner.

AARP Low Income Program-Docket 7535—The Program went live on Saturday, December 15 and DCF began receiving applications this week. The Department, DCF and GMP continue to have weekly phone calls to track the progress of the Program.

Gebbie Agricultural-Methane Electrical Generating Facility in Greensboro—Docket 7797—The Department continues to work with ANR and AAFM with respect to this docket and methane digesters more generally. The Department and AAFM each advised the Board that there is no objection to the Gebbies’ request to be permitted to utilize off-farm substrates in the digester and the Board has granted the request and issued an amended CPG.

Consumer Affairs:

Complaints: CAPI received a total of 118 contacts for the week December 10th – December 16th, with 58 resulting in investigated complaints. The division closed 59 investigated complaints during the same time period. Below are a few examples from the week:

- **FairPoint** CAPI received a complaint, forwarded from the Public Service Board regarding a Fairpoint issue around porting. Consumer stated that after having an issue with Fairpoint not giving her the correct pricing for her bundled package for a couple of months, she decided to change service providers. Consumer stated that Fairpoint is refusing to port her telephone number to the new service provider. Consumer stated that per the FCC rules and regulations, Fairpoint cannot, even for a past due amount, refuse to port her number. CAPI is waiting to hear back from Fairpoint on this issue.
- **Mountain Water:** A Mountain Water customer called CAPI regarding an unusually high water bill. When the consumer called the company to question the high bill, she was told that they have checked for leaks in the system and the billing is correct. CAPI found out that Mountain Water Company has had problems with leaks in their system in the past, and in 2009 the Board approved long-term financing for MWC to make improvements to its system. However, in the course of investigating this complaint, CAPI discovered that the consumer who filed the complaint is one of 16 members of a condo association who are billed under one meter, which is not allowed without Board approval. There are other condo associations that are similarly billed by MWC. A review of the current tariff by CAPI did not show that this form of billing has been approved by the Board. When contacted, MWC said that it has "always billed this way." CAPI will follow up with MWC and our Public Advocate to address what appears to be a systemic long-term issue.
- **National Grid:** A consumer called CAPI about National Grid's subcontractor cutting trees within his property and outside of NG's right-of-way. CAPI has been in contact with NG several times but only recently was told that the actual easement does not specify the width of the ROW, only that the company has the right to "trim and remove such trees and underbrush as in the judgment of [National Grid] may interfere with or endanger said line or any of its appurtenances once erected." Although ROW issues do not fall under the jurisdiction of the Board or the Department, this particular consumer has contacted CAPI at least as far back as 1999 regarding other ROW issues and CAPI has asked NG if there is anything that can be done to resolve the situation so that going forward the consumer doesn't feel that his property has been damaged by improper tree trimming.
- **GMP North:** A consumer called CAPI with a GMP bill of about \$750. Recently GMP transferred his girlfriend's old bill balance to his account. Her bill is two years old and was accrued before they lived together. The consumer and his girlfriend moved in as a couple April 2011. He is upset that he is being held responsible for the bill that was not accrued when they were together. CAPI reached out to GMP to see when the charges were accrued and why they transferred the balance to the consumers account.
- **Northfield Electric:** CAPI took in an inquiry from Northfield Electric Department (NED) regarding broken payment arrangements. The consumer is working with Community Action, who is helping them with some of the back balance. Community Action said they would pay ½ of the back amount so the customer can do a new

agreement for the remainder. NED was under the impression that when someone has a broken agreement that they would need to have 75% of the balance paid to set up a new payment arrangement. The Department's stance has always been that a payment of half of the notice amount should postpone a disconnection before the disconnection occurs. CAPI also said that there may be misinterpretation of the PSB rules pertaining to the 75% payment. PSB rules 3.305 states that repayment compliance is considered complete when 75% of the repayment plan amount has been received. This is not to say that a new plan cannot be made until 75% has been paid. A new repayment plan could be made by the utility company at any time.

- **GMP North and South:** Over the past several months, CAPI began to receive complaints from consumers who expressed concern that electric bills for GMP customers have unexpectedly and inexplicably increased since the merger. While originally the company blamed it on the unusually hot summer and an increased use in electricity, the complaints continued in the cooler fall months. At one point, the Board asked for information from the utility and the Department on the number of complaints of this nature, but since that time, there has been no further action by the Board. Without a clear sense from the Board that there will either be more formal action by the Board or no action at all, we are not proceeding with any detailed investigation. We will continue to be in contact with the Board.

GMP's Electric Assistance Program: The EAP kicked off on December 15th, which means Monday, December 17th, was the official first workday of the program. As of Wednesday, December 19th, there had been 10 applications received with only 2 currently qualifying for the program (some of the other applicants failed to include a copy of the most recent electric bill, a requirement of the application).

Lifeline: CAPI has been in discussions with FairPoint and the Department for Children and Families regarding issues surrounding the reporting and reply reporting process. DCF had complained that FairPoint's failure to timely apply credits to accounts once notified of a customer's eligibility and FairPoint's failure to timely report changes to their customers enrolled in Lifeline was having an impact on the legitimacy of the information and was negatively impacting some consumers. The parties identified steps that should be taken to ensure the continued timely flow in the process.

Planning and Energy Resources:

Thermal Efficiency Task Force: In addition to the report above, staff worked with Regulatory Assistance Project to finalize inputs and understand modeled results from Task Force Recommendations, and reviewed and started preparatory work for conducting an economic impact estimate of the current and proposed Thermal Efficiency program.

Energy Action Network: We participated in the Capital Mobilization Work Group meeting. The EAN capital group is developing priorities for finance options needed to meet their 2030 goal of 80% renewables. In that meeting we presented a summary of the TETF finance and funding

subcommittee draft recommendations to the work group. EAN and the TETF finance subcommittee coordinated on development of the draft funding recommendations. PSD staff will continue to coordinate with this group on other items on their agenda, including development of the second Clean Energy Finance Summit to be convened in the spring of 2013.

Residential and Commercial Building Energy Standards (RBES & CBES):

- Residential Code: We received a call from a consumer building a home requesting information on whether they need any permits to begin construction. We relayed that they will need to comply with the residential energy code and submit a certification that the home was built to the standards, and directed them to the code material on our website.
- Commercial Code: We received 3 calls in the past 7 days from professionals regarding the code, and two planning letters from DFS for follow ups in regards to energy code compliance. PSD has distributed 335 copies of the 2011 Commercial Building Energy Standards to date. A "Final" version of the COMcheck software is being checked for QA/QC for release on DOE website January 31, 2013.

ARRA Funding/Programs: We prepared and forwarded data tables and instructions to VSJF to create maps for the CEDF FY12 and the ARRA Final Public report.

EECBG: A list of DOE site visits for EECBG grantees was provided to KPMG for the ARRA audit. We also provided the requested information regarding DOE feedback on the onsite visits (that they did not require any follow-up or corrective actions with the grantees).

Commercial PACE: We finished and circulated a draft commercial PACE report to the Treasurer of Vermont and the Department of Financial Regulation; planning to circulate draft for feedback to other state and interested parties next week

Energy Efficiency Utility Activities: Staff met with EVT to discuss an ANR investigation involving the dumping of approximately 550 T12 fluorescent tube lights. Staff encouraged EVT to work with the ANR officer leading the investigation in an effort to help narrow down possible projects and /or contractors that may be tied to the dumping.

CEED Fund: Staff hosted a briefing from GMP on their progress in identifying, evaluating, and selecting investments for the CEED Fund. GMP relayed that they generally agree with our stakeholder comments regarding principles they could use in building the Fund's portfolio. VEIC and Neighborworks have submitted a revised joint proposal, which they sounded positive about funding. GMP will submit an annual fund plan to the PSB on Jan. 15, and PSD plans to submit comments in response. One area of potential concern is the ability to achieve thermal efficiency investments in accord with the Dec. 1 date in the merger MOU and Board order.

Vermont System Planning Committee: In our role as Chair of the EE & Forecasting subcommittee, we drafted recommendation of VSPC regarding EE Geotargeting and shared with full VSPC for comment. The VSPC previously approved GT for St. Albans and Susie Wilson areas. The VSPC recommendation will be filed during the holiday week.

Standard Offer: We participated in meeting this week, discussing the definition of reliability gap, how to define sufficient benefit, and equivalency factors. We reviewed a straw proposal from GMP regarding overall “outside the cap” standard offer solicitation process. Comments are to be provided 12/28.

Clean Energy Development Fund: In addition to above, we finalized and sent out for public comment the proposed program rules for the small scale renewable energy incentive (SSREI) program. As noted above, we finalized the contract amendment with VEIC to add \$300K to the SSREI program. The contract amendment was approved and executed, but the money has been all almost instantaneously committed.

Small Scale Hydro: We met with ANR and SHPO for our regular Hydro MOU meeting. We finished working through the Proposal for a Process document, which I am now revising in light of suggestions from our past few meetings. ANR is going to run things by David Deen in the next couple of weeks to get a read on his take on an interagency MOU in lieu of a VT-FERC MOU. Starting Jan. 8, we will dive into the prescreening criteria for a pilot and also look at a draft interagency MOU I am writing. We all agree that the most valuable product of our efforts is probably a “Hydro for Dummies in VT” guide. But it is very clear that hydropower permitting will remain a rigorous and time-consuming process, even for tiny projects (unless federal regs are rewritten), no matter what we do. There is some concern about the hype being generated by hydro advocates concerning the MOU (see recent WEC Co-op Currents newsletter).

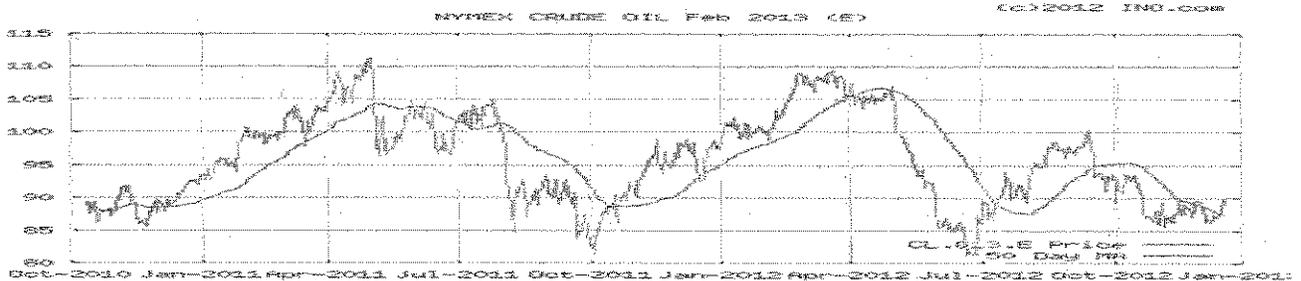
Energy Generation Siting Policy Commission Items: More detail on discussion above, we held fifth meeting of the Siting Commission. The focus was again on other other states’ processes, and we heard from Rhode Island, Maine DEP, National Regulatory Research Institute, and New York, as well as from Dave Mullet at VPPSA. There were only about 20 audience members in attendance. We are organizing the sixth and seventh meetings of Commission, on 1/11/13 and 1/15/13, respectively. The 1/11 meeting morning will include perspectives from citizens/towns/landowners who abut/host/live nearby energy generation projects but who were not intervenors (organized by REV); perspectives on collaborative community engagement processes by VCE; and presentations from legislators (so far, Sen. Benning is scheduled, and we are awaiting news of a second speaker from Alex). The afternoon will consist of deliberations with expert guests VELCO/ISO, Michael Dworkin, and Jim Volz. The 1/15 meeting will include state agencies (ANR, Ag, potentially PSD, ACCD, Health, and Climate Cabinet) and also perhaps additional experts such as Rich Sedano or Rich Cowart of RAP, or Mark Mihaly of VLS. That afternoon Commission will present on their activities to date to legislators.

Net Metering Activity 12/12/12 – 12/19/12

	Registrations	Applications	CPGs Granted
Count	17	5	9
kWAC	75.939	109.524	31.754
Ave Size kW	4.467	21.905	3.528

Transportation: ANR reports that the auto industry is positioning to weaken ZEV regulations by presenting comments to the EPA that show states, especially section 177 states (states like VT that have adopted CA's rules), are not ready for ZEVs as evidenced by the lack of needed infrastructure and consumer demand. We really need the shared position between ANR/Vtrans and PSD to advance electric vehicles in the state.

Heating Fuel: Crude Oil the past three weeks has continued trading in the \$85- \$90 range. The crude oil price this AM is \$89.81 v. \$86.70 last week.



- The natural gas market is trading this AM at \$3.493 v. \$3.340 a week ago.

Electric Plan Addendum: PSD held the first public meeting on the final draft, which was attended only by three utility representatives. Utility response to the draft was positive.

Finance and Management:

Docket No. 7782 Ryegate Power Purchase Agreement: GMP and BED have provided comments in response to the proposed Power Purchase Agreement ("PPA") for the Ryegate electric generation facility. They have suggested numerous changes and clarifications to the agreement which the department fully supports. Ryegate is currently assessing the proposed modifications.

Sustain-PUREDOCS Contract: We have reached agreement with Sustain on the Business terms of the contract except for (1) the project manager which we may be proposing to ask Sustain to recruit a replacement and (2) some legal issues that are being finalized.

New/Emerging Issues: There may be some opposition from ski areas regarding how the Constellation Settlement Payment to VT Utilities is to be handled by non-GMP companies if it is used for operating expenses as opposed to a direct refund or bill credit.

Gas: Staff has overseen the review of Tariff filing 8407, a Vermont Gas System purchase gas rate adjustment filing seeking approval of a 3% increase in gas cost which represents an overall 1.8% rate increase to become effective February 1, 2013. The Fin and Econ recommendation is that the request be approved without a hearing or an investigation.

Electric: A Tariff Filing for Village of Jacksonville Electric Company #8396 – Proposed Terms and Conditions filed October 22, 2012. Staff has completed a review of the filing and we forwarded a draft recommendation to CAPI who will complete the review and forward to PA for

filing with the PSB (due December 14, 2012). The filing appears to have rates that may not be based on cost.

Docket 7458 - Petition of Town of Stowe Electric Department Pursuant to 30 V.S.A. § 108 regarding the Issuance of \$18.7 Million of Indebtedness and the Issuance of \$7 Million in General Obligation Bonds---Stowe has provided staff with a draft proposal to modify the order in Docket 7458 where it seeks authority to use about \$1 million of the loan proceeds to purchase/build a new building or for the purchase of VELCO stock. We are currently reviewing the draft and have reached no conclusions regarding the request. There is some probability that supporting the use of the funds for a building may be problematic given prior approvals on the use of the funds.

Engineering:

Vermont Yankee Operation Since the last report (December 12th) Vermont Yankee Station (VY) has operated at 100% with no notable issues. To date, the station has achieved 414 continuous days of operation.

NRC responds to the Department on VY Steam Dryer Inspection Amendment

The Department provided comments to the NRC on December 6, 2012 on Vermont Yankee's proposed change to the inspection frequency of the reactor Steam Dryer. (The Steam Dryer does not have a safety related function, but inspection is required to assure the integrity of the component to prevent loose parts in the reactor vessel.) Vermont Yankee asked the NRC to amend their license to allow the inspection every three cycles of operation rather than every two cycles. (A cycle is 18 months.) The Department communicated to the NRC its concern for a three-cycle inspection protocol, and did not feel NRC should accept it, particularly if the inspection of the Steam Dryer in Refueling Outage 31 (in 2014) were to reveal any new cracks or propagation of existing flaws beyond the acceptable growth rate. NRC responded by email on December 19, 2012 that they have reviewed VY's request for the amendment with consideration of the Department's comments, and that performing a baseline inspection during RFO 31 and re-inspections every third refueling cycle are acceptable and provide reasonable assurance for maintaining adequate level of safety and quality. However, NRC also noted that they are adding a provision to VY's license requiring the Steam Dryer to be inspected every refueling cycle should a crack be identified that requires repair. This essentially addresses the Department's concern expressed to the NRC.

Natural Gas Leak Investigation Continues: Vermont Gas Systems Inc. performed remediation activities during November and December to replace components associated with gas leaks recently discovered in pipeline distribution systems located in several towns. The Engineering Division has requested specific information from technical representatives of the company related to the leaks, materials, procedures, chronology and other company findings. The data requested (VGS is expected to supply early in January) is intended to enable the Engineering Division to independently determine probable root cause(s) for the leaks and analyze the adequacy of the company's actions to address possible risks (related to the leaks) located elsewhere in the facilities they operate.

The Department continues collaboration with Vermont Fuel Dealers Association: The PSD Gas Engineer is meeting periodically with the Vermont Fuel Dealers Association to address gas safety code requirements related to propane pipeline systems subject to state and federal jurisdiction. The group is engaged in a project to develop methods to enable propane operators to comply with typical federal/state inspections. The companies which are marketing propane in Vermont are often the entities which perform the operations, maintenance and emergency activities associated with pipeline systems inspected by the PSD. The next group meeting is expected to be held at the VFDA offices in Montpelier on January 16, 2013.

Regional Policy:

Gas-Electric Coordination: The lower price of natural gas has encouraged increased electric generation from this resource, with natural gas now the dominant generation fuel in the region. In addition, residences and business are switching from fuel oil to natural gas for heating due to the price differential. With low U.S. prices of natural gas, LNG imports into New England have declined significantly. Due to the nature of the electric market (generators don't know they will be dispatched to run until the day before operating day), electric generators do not have firm gas supply contracts. There have been instances where generators dispatched by ISO-NE have not been able to run because they were not able to obtain fuel.

ISO-NE is working with stakeholders to address possible long-term changes in the electric markets to ensure that gas-fired units can be relied upon. In the short term ISO-NE is anticipating that oil-fired units will be increasingly relied upon during cold spells this winter, resulting in increased air emissions.

Telecommunications:

FCC funding changes – A draft report on the effect of the 2011 order revising FCC support for telephone companies is under review by PSD staff. The report shows that FairPoint will experience a reduction in revenue (from 2012) of \$2M in 2013, 4\$M in 2014, \$4M in 2015, ramping to \$8M by 2020, in the context of \$150M in annual regulated revenue. For the eight independent companies, with a total regulated revenue of \$50M, the compounding reduction will be about \$400k per year; revenue in 2020 will be \$4M less than in 2012. In total, regulated revenue will be about \$12M less in 2020 than in 2012.

Broadband data website – PSD Staff developed a website for use by other PSD staff (Consumer Affairs consultants) that depicts broadband availability. Availability by service provider at a specific address is claimed as confidential under non-disclosure agreements. The publicly-accessible website offers generic availability information by address (is an address served or not). The site also offers registered users access to provider specific availability information for all addresses. CAPI staff will use this data to respond to specific inquiries from consumers.

VTA cellular award – The VTA is considering an award of approximately \$5M to bring cellular service to unserved areas. PSD staff has concerns that the services to be provided under this

award might not be what consumers generally think of as Cellular Voice. The most recent data indicate that approximately 500 locations will remain without broadband service, and PSD staff remains concerned about the lack of a plan to address this.

FairPoint PAP MOE Payments – FairPoint and the CLEC Association of Northern New England (“CANNE”) (collectively, the “Settling Parties”) submitted a draft PFD for the Department to review prior to filing the PFD to the Board. Language in the draft PFD stated that the stipulated SMP Plan, which will replace the PAP, The Department previously filed comments with the Board indicating support for the Settling Parties’ stipulated agreement, but losing MOE payments could negatively impact CLECs that are not part of CANNE as well as decrease VUSF funding, so the Department may need to raise that issue with the Board later in the PAP proceedings. The Maine and New Hampshire PUCs are not concerned about the loss of MOE, because their MOE payments are waived.

FairPoint PAP Penalty Waivers – Many CLECs currently waive PAP penalty dollars that they are entitled to, as a condition of contracts they sign with FairPoint to resell non-regulated services such as Unbundled Network Elements and Ethernet. The Department, Board, and ME/NH PUCs do not support this practice, as it does not ensure service quality and makes the PAP simplification process meaningless. At a recent meeting with the Settling Parties, regulators floated the possibility of litigating – prior to negotiating total penalty dollars at risk or per metric – the PAP waivers issue in two parts: whether PAP dollars can be waived as part of non-regulated contracts and, if so, whether penalty dollars waived by CLECs should be retained by states (likely to the VUSF for Vermont, E911 for Maine, and General Fund for New Hampshire). The telecom division believes this issue should be litigated prior to negotiating other PAP issues, and is considering whether to file a petition with the Board to do so.

Act 170: Smart Meter Health Report – In the hopes of finding more than the two current responses to the Department’s RFP for the VT DOH smart meter report update and assessment of peer-reviewed publications regarding health concerns related to RF, the Department reissued the Smart Meter Health Report RFP. Responses are due by January 18, 2013.

Co-op Seeking to Purchase Burlington Telecom – Green Mountain Broadband Fiber Co-op, as yet an informal organization, held a public meeting to discuss their tentative plans to purchase Burlington Telecom. By 2014, they hope to have raised \$1 million in member equity, \$4 million in member loans, and \$5 million in commercial loans, as well as receiving support and commitments from 4,000 residential and 200 commercial subscribers to use their service. The co-op leaders are still considering what they need to do in terms of CPG filing, but currently they only plan to apply for a cable CPG, whereas Burlington Telecom also has a CPG as a CLEC. Meanwhile, BoA again filed suit against Burlington Telecom’s assets.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: December 21, 2012

Vermont Department of Health (VDH)

Whooping Cough Clinics: On December 19th, the VDH held vaccination clinics at all 12 district offices for TDaP to protect against Pertussis, Diphtheria, and Tetanus. Over 3,200 Vermonters aged 11 and up were vaccinated in about 8 hours by over 300 staff and volunteers. This event was also used to fulfill federal grant requirements for emergency preparedness since this is the same format that would be used in the case of the need to vaccinate the population against an emerging threat.

Trust for America's Health Report: Vermont was one of only five states in the nation to achieve a score of 8 out of 10 in the "*Ready or Not? Protecting the Public's Health from Diseases, Disasters, and Bioterrorism*" report by the Robert Wood Johnson Foundation. The annual report was released on December 19th. Ten key public health preparedness indicators were measured in the report, such as funding commitment to public health programs, response readiness to notify and assemble a quick response to an incident, infectious disease control, emergency management, and extreme weather event preparedness. The two indicators that Vermont did not earn a point for were: "Health System Preparedness" because the state does not participate in a nurse licensure compact, and "Infectious Disease Control and Vaccinations" because the state did not meet the U.S. Department of Health and Human Services goal of vaccinating 90 percent of 19- to 35-month olds against whooping cough. Vermont's rate is 88.2 percent, .8 percent short of the goal.

Department of Mental Health (DMH)

Opening of Green Mountain Psychiatric Care Center (GMPCC): GMPCC is scheduled to open on January 2nd. Dr. Maria Novas-Schmidt will become the interim Medical Director at GMPCC. Dr. Richard Munson will work as the second full time psychiatric staff member. Dr. Jay Batra will be a mentor to Dr. Novas-Schmidt. These two doctors were wrapped up within the Fletcher Allen contract. DMH has created two exempt positions for them as we proceed forward in the coming weeks to locate a hospital affiliate. The hospital has 11 on-call psychiatrists on the roster. Dr. Bill McMains and Dr. John Malloy will maintain a contractual relationship with Fletcher Allen and the contract will be revised to make it current. Dr. McMains works within our Childrens Division and Dr. Malloy will continue at DMH.

Open House will occur on Thursday, December 27th from 1:00 – 3:00 PM at GMPCC. We greatly appreciate Governor Shumlin attending making room in his schedule to attend at 10:00 AM. Our staff will be waiting to meet him and we will have representatives there from DMH. I have notified Speaker Shap Smith, Senator Claire Ayer, Rep. Ann Pugh, Rep. Peter Peltz, Senator Rich Westman, Rep. Anne Donahue, Rep. Alice Emmons, and Secretary Doug Racine of the Governor's walk-through.

The Facts on ER Waits: There have been recent news accounts of the high numbers of people waiting in Emergency Departments for inpatient beds. DMH is continuously reviewing ways to improve these situations as they occur and in the long term. In doing so, we continue to refine our information as well and see that 20-50% of the 252 admissions in the past 8 months were placed in less than 8 hours. 63% of the total admissions were achieved within 48 hours. Less than 13%, or fewer than one admission per week, exceeded 48 hours in the past 8 months. While such waits stand out in our collective memory and are never desirable, this level of response in a system of care that lost 54 psychiatric inpatient beds overnight, could not have been achieved without strong partnerships in this state. While we can readily identify shortcomings, it is also an opportunity to recognize the work of our community designated mental health agencies who are diverting or stepping down individuals to supportive transitional settings, the inpatient care providers who are continuing to receive and treat individuals with the most acute psychiatric needs, and the care management staff assembled by DMH who are working daily with inpatient and community providers to maximize the flow of our current system of care until new resources come on board. DMH continues to applaud and appreciate these efforts and the collegial approach taken by many providers in these stressful times.

Housing Voucher: We are re-opening the Housing Subsidy & Care Program on December 26th. This important Program has already housed 92 individuals this year. With the remainder of funds currently available, approximately 40 additional subsidies will be available.

Since this housing appropriation is limited, DMH will focus our remaining Housing Subsidy & Care efforts only on individuals who are homeless and in an acute care setting or seriously in need, with no immediate housing of their own, for this allocation. This prioritization will insure that Vermonters most in need of assistance will be served.

Secure Residential: On schedule for work completion 3rd week of January. Work now being performed inside the facility. Furnishing being chosen. Program being worked on. Scheduling to open with program intact by March 1st.

Department of Disabilities, Aging and Independent Living (DAIL)

Ongoing Issues:

APS Litigation: We are mandated to provide to Vermont Legal Aid, by Feb 13, 2013, all closed contacts (faxes, online and any other materials submitted) and all investigations closed in the months of August, September and October 2012. This will be an enormous undertaking. The Court acknowledged that this was likely around 26,000 pages and that this order essentially

ignored the 300+ hours and 4,000+ pages (not to mention the \$8000 in staff time) already spent responding to past requests. We fought hard, but this is a judge who believes discovery should be broad. We expect to hire at least 2 additional agency staff persons (through Triad Temporary Services, Inc.) and commandeer multiple Agency copiers to meet the request. The irony here is that the Legal Aid lawsuit, the stated intent of which was to get us to do a better job, is making the job more difficult and expensive.

Developmental Services (DS): Immediate and long term pressures: Demands for developmental services abated somewhat in December and staff met the budgetary target for the first time this year. The deficit did not deepen and now hovers at \$2.8M. In accordance with applicable state and federal laws and regulations we 1) have requested a budget adjustment of \$1.5M, 2) will address any remaining shortfall with one-time funds, 3) begin discussions to amend System of Care Plan to provide more tools to the Division to keep monthly spending in line with appropriation [the only option currently available is to reduce each designated agency's base allocation] and 4) if all else fails, reduce base allocations.

Preliminary analysis indicates little correlation between size of funding requests and objective measure of risk. We expect this to be a high profile topic in 2013 and are working with community partners to agree on a definition of the problem whether or not we reach consensus on the solution. As mentioned previously, we are convening a task force in early CY13 to look at the future of DS services. It is fitting that we commence this in 2013, which marks the 20th anniversary of the closing of Brandon Training School.

Other activity:

Commissioner Wehry participated in a Senior Roundtable on December 15th with Senator Sanders and several community leaders from aging community (including Jim Leady, AARP; John Barbour CVAA; Nancy Eldridge, Cathedral Square; Michael Benvenuto and Jackie Majoros, VT Legal Aide; others). Concern about social security, Medicare, prescription drug prices and senior nutrition dominated the conversation. The Senator expressed concern that Vermont's challenges in eligibility determination were hampering efforts to enroll more seniors in SNAP (food stamps).

Press Issues:

The Division of Licensing and Protection has received two inquiries about the Vermont Veterans' Home being chosen as the Special Focus Facility for Vermont. We have given out, to the Bennington Banner, and to WAMC out of Albany, NY, the following information:

The Centers for Medicare and Medicaid Services (CMS) requires each state to have at least one Special Focus Facility at all times. Vermont has one SFF, and large states can have up to five SFF's. A SFF is chosen by the state based on a CMS numerical calculation of a facility's inspection score for the last three years. A SFF will receive two surveys annually rather than one survey annually until they have attained a level of compliance with the CMS regulations for long term care facilities.

Emerging Issues:

Program of All Inclusive Care for the Elderly (PACE): Commissioner Wehry and the DAIL staff met with management team and a board member from PACE-VT this week to discuss the dire financial situation that the program is in.

This is the second time in 5 years that PACE-VT has bordered on collapse. Two years ago, they were bailed out by Volunteers of America who took over managing the program.

PACE-VT has two sites: Colchester and Rutland. The Colchester site is not sustainable and threatens the viability of the entire program, which the DAIL continues to see as an important component of its long term care system. We expressed to the PACE managers that we would be open to providing some financial support to keep Rutland open with very strict terms. They will present a proposal tomorrow to include the following:

- The cost of closing (presumably only Colchester) will be covered by PACE set aside funds, acknowledging that keeping Rutland open may complicate their ongoing overhead costs.
- We need to see an 18-month break even scenario in the PACE request, along with specific indicators tied to the plan.
- PACE will submit the most recent audited financials in their request.
- We anticipate that the Colchester closing, and/or Rutland, will likely drive up nursing home utilization.

We estimate the request could be for \$300K over 18 months. The funds, if granted, would come from CFC, possibly given out in 6 months intervals dependant upon what we see in the PACE request. DAIL CFO Bill Kelly believes this is viable.

Department of Corrections (DOC)

Status of Governor's Priorities:

White Paper Group (WPG): The last meeting of the year for the WPG was scheduled for December. Commissioner Pallito has asked staff to work with the WPG to set a direction for the new calendar year. Likely, the group will meet directly with Superintendent Bob Arnell of the Chittenden Facility on a monthly basis.

Significant Events/Meetings:

Meeting with Salvation Farms: The DOC met this week with Theresa Snow of Salvation Farms to explore further the processing of agricultural products at the Windsor Facility. Our goal is to create an agricultural center in Windsor to serve the rest of the correctional facilities and others, and to eventually move the traditional industries (license plate manufacturing, sign manufacturing) to a different facility. This work will unfold over the next twelve months.

American Prison Data Systems (APDS): APDS has approached the Administration with the goal of furnishing up to 300 mini tablets to people who are incarcerated. This equipment may be useful in transitional planning, reentry, programming, etc. Upon exploration, it appears that the equipment isn't actually developed yet. The DOC is signing a Memorandum of Understanding (MOU) agreeing to explore the possibility of implementation of these devices.

Meeting with Mayor Weinberger: Commissioner Pallito met with Mayor Weinberger and Chief Schirling this week, at the request of the Community Justice Center, to discuss recent criminal activity in Burlington. Commissioner Pallito furnished charts to the City showing that Chittenden's utilization of corrections resources is below the State's average. Mayor Weinberger asked about further utilization of resources to address criminal activity in Burlington. Commissioner Pallito stressed that utilization should be based on evidenced based practices which illustrate that utilization has positive results.

Other:

Mental Health (MH) Cases in DOC Custody: The DOC is experiencing an influx of individuals brought to jail who are waiting for an available bed at the Brattleboro Retreat or other psychiatric facilities. The Southern State Correctional Facility in Springfield has absorbed much of the influx because of their proximity to the Brattleboro facility. Since May of this year, Southern State has witnessed 13 individuals lodged waiting for an available bed; these waits have ranged from one day to forty-nine days. The DOC also has experienced a case where an individual is determined incompetent to stand trial. By law this person is to be incarcerated for only 15 days before being moved to a MH facility. This person was found incompetent on November 8th of this year, and is still incarcerated. Brattleboro Retreat refuses to accept this individual and no new court date has been set.

Population:

The department is experiencing a slight reduction in the detention population from its high of 458 in early November to the current number of 409. This is still higher than it was a year ago this time at 380. The sentenced population has reduced from 1512 to 1464 during that same time. The Department is maintaining a reduction in the female population at or below the 130 mark for the past week. Detention makes up 34% of the overall female population, and 19% of the male population.

Department for Children and Families (DCF)

Evolving Issues:

Child Development Division: The Vermont Home Visiting Alliance: Last year the Pew Foundation started working with a large number of Vermont programs that do some form of home visiting. They have been working to develop best practice protocols and to achieve better coordination and consistency of programming. There is a lot of passion on this issue and many of the players are the same who champion quality early child care in Vermont. We believe they will

be introducing legislation this year. We do not believe they are asking for more money (at least not now) but rather a broad policy endorsement. We think it wise to support this, but will advise you with more certainty after we see the bill.

Green Mountain Power Discount: On December 15th Green Mountain Power (GMP) began its Public Service Board (PSB) mandated low-income rate discount. Households with a combined gross monthly income of 150% of federal poverty will receive a 25% discount on the first 600 kilowatt hours of electric service equaling about \$300 per year. There will also be a once-in-a-program-lifetime arrears forgiveness for income eligible households whose discount application is received no later than March 15th. These households will have their entire account arrears forgiven.

GMP and the DCF entered into a three-year agreement for the Economic Services Division (ESD) Fuel Assistance Office to process program eligibility for the discount program. Vermont is the last state in the northeast to implement a rate designed to assist low-income electric customers.

A discount rate for VTGas low-income customers has a projected launch date of June or July, 2013. The ESD Fuel Assistance Office will also process program eligibility for the VTGas discount program.

DCF expects that in January legislators and/or advocates will push for the remaining seventeen Vermont electric companies to implement a low-income rate discount similar to GMP. The issue of state-wide equity for low-income rate-payers is expected to drive the discussion and potential legislation to implement the state-wide electric discount sooner. DCF will coordinate with the PSB to make sure we are in alignment.

Department of Vermont Health Access (DVHA)

Status of Governor's Priorities:

Exchange Systems Integrator/CGI: A contract with CGI for system integrator services for the Exchange has been signed. CGI staff arrived on December 17th to begin work. The State and CGI will need to negotiate the items agreed to be resolved in a second agreement by February 1st. The State agreed in the contract to provide office space for CGI. The DVHA is waiting for the Vermont Student Assistance Corporation (VSAC) lease to be signed so that office furniture and equipment can be ordered.

Significant Events/Meetings:

VT Coop/The Center for Consumer Information and Insurance Oversight (CCIIO) Discussion: Commissioner Larson, Susan Donegan and Robin Lunge spoke with CCIIO on Wednesday regarding the Co-Op's eligibility to submit a proposal for Qualified Health Plans (QHP's) in response to DVHA's request for proposal for QHP's on January 7th. The challenge is that the

Co-Op is not a licensed insurance company. CCIIO is very interested in the Co-Op being allowed to submit a proposal to offer plans on the Exchange.

Meeting with Hospitals: Commissioner Larson and Anya Rader Wallack met with hospitals on Thursday to discuss the State's proposal regarding the hospital's provider tax appeals. The hospitals were going to discuss the proposal and respond as to whether they would agree to a further extension of their appeals.

Lake Champlain Chamber of Commerce: Commissioner Larson and others met on Thursday with Tom Torti from the Lake Champlain Chamber of Commerce to discuss the Exchange.

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Agency of Natural Resources

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: December 21, 2012
Subject: ANR Weekly Report

Governor Level Issues:

Moretown Landfill: We issued our notice of intent to deny the recertification of the landfill today. There will be a 30 day public comment period, and we will issue our final decision by March 8th. We gave a heads up in advance to the Phil Scott, the local legislators, the chair of the Moretown Selectboard and Tony Klein. The 30 day notice period gives MLI an opportunity to plan, and it means that under the host town agreement the payment to the town will be at least \$350,000 (it is generally just over \$500,000) which will soften the blow to the taxpayers of the town. David Lavandar of Advanced Disposal (the new parent company of MLI) flew up yesterday and met with us this morning. He is still holding out hope that they could do something new that would resolve the problem. We let him know that our technical staff will be more than happy to continue to work with them, but that we were not optimistic. Note that the reporters who came down to interview us noted that they could smell the landfill today from the interstate. Also, Steve Willbanks (from Strafford) is the head of the solid waste district that owns the permitted landfill site in Hartford. He has reached out to the haulers to see if they are interested in investing in building out their landfill.

Haystack: After a number of unsuccessful attempts to get Haystack to stop doing work without a permit on their connector lift (which resulted in a number of discharges to streams and severe erosion problems), our enforcement team went to court for a stop work order. This finally got their attention and they finally submitted the information necessary to complete the paperwork for the permit, which we issued later in the week. We plan on bringing an enforcement action seeking significant penalties for violating the terms of existing permits, and knowingly doing work that was not permitted, as well as for the resulting environmental consequences. In addition to our violations they also are in violation of their act 250 permit and federal rules. (They built a 1 ½ mile snowmobile trail in the national forest!)

Barre Gasoline Leak: After extensive work by staff in the Waste Management and Prevention Division, we were able to assist the Barre Fire Department identify a gasoline leak that was causing complaints of gasoline odors in homes and the sewer systems. The responsible owner is Wesco, Inc. which operates the North End Mini Mart. An unknown amount of gasoline was lost over an unknown amount of time, but as much as 3000 gallons of gasoline may have been released. While gasoline vapors in the homes and sewer system have not been detected at explosive levels, there is nonetheless a great deal of concern. Homes identified with gasoline vapors will be provided with air treatment units and we are requiring the company to develop a remediation plan to clean up the contamination. The operator of the facility cannot resume operations until we are certain that no additional leaks are occurring.

EVERYTHING ELSE:

Legislative Issues/Testimony:

We met with VNRC to talk about the upcoming legislative session and to talk about what they see as the big issues coming up, and what we had as our priorities. It was a productive meeting.

I talked with Mike Fisher about his concerns related to the proposed location of the Vermont Gas pipeline in Monkton. They moved the line off of the VELCO right of way to avoid an area that is a significant natural community (it is a large bog) with many attributes that makes it hard to permit a pipeline going through it. This is not the area of greatest controversy. The more northern portion is the area where the line is going through a more populated area. There are no environmental issues with running the line down the VELCO right of way – but I believe there are practical concerns that would make it hard to build.

Patrick and I met with Martha Heath to brief her on the FW budget issues. She was very supportive and helpful.

Press Issues/Releases:

Municipal Separate Stormwater Sewer System Permit (MS4): Several newspapers, television stations and VPR covered our issuance of this permit involving stormwater regulation of a number of Chittenden County municipalities, and the cities and towns of St. Albans and Rutland.

Water Trust Fund Report: Our rollout of the draft report required by the legislature in Act 138 relating to the cost of addressing water pollution was picked up by various media outlets.

Ice fishing Safety Tips: With the ponds and lakes starting to freeze over, the Department issued a new release that outlined some basic safety tips for hard water anglers.

Waitsfield Elementary Students Raise Funds for Bats: The fifth and six grade classes at the Waitsfield Elementary school raised \$700 to help support the research and conservation of Vermont's Bat Populations.

Lifetime License Winner: Every year the Vermont Fish and Wildlife Department holds a raffle and drawing for a Lifetime Hunting and Fishing License. This year's winner was a 50-year old sportsman from Williamstown VT. Congratulations!

Significant Events/Meetings:

Friends of Vermont State Parks: The inaugural meeting of the newly formed Friends of Vermont State Parks was held last Friday. Christine Graham and Christine Zachai are helping with our start up. Board members include Scott McCardle of the Vermont Community Foundation, Darby Bradley, Shira Sternberg, Dan Dubonnet, Ellen Lovell and Bob Millstone. We will be recruiting new board members and identifying initial funders in the coming months.

MS4 Meeting: Along with his staff, David Mears met with the communities designated under the recently issued stormwater permit at a meeting organized by Karen Horn of VLCT. We gave an overview of the permit and answered questions. The dialogue was pointed and respectful. One of their major concerns was over a requirement in the permit that the communities monitor flow in certain designated streams. They believe that this work should be a state obligation. David will be meeting with some of the communities in a separate, follow-up meeting to see if we can resolve this issue without the need for a legal appeal.

Agriculture and Water Quality Meetings: Along with Chuck, David Mears participated in two stakeholder meetings to discuss policy options for addressing water pollution from farms as part of a larger facilitation effort that our two agencies have initiated to address this critical challenge. One meeting with several environmental advocacy organizations and watershed groups and was contentious. Another meeting was with a large number of farmers from across the state and was constructive. We will continue to try to engage the environmental community in hopes of building a coalition of interests around meaningful improvements in state public policy and on-the-ground fixes.

AIV Forest Policy Task Force Meeting: All of the commissioners and I spoke at the Associated Industries of Vermont/Sustainable Forestry Initiative's annual Forest Policy Task Force meeting this week. Michael stayed all day to answer questions and to participate in their discussions. This is run by Bill Sayre. They were very appreciative of our participation in their meeting and for our attention to their issues. They were also very appreciative of the work Michael does on their behalf, despite being ideologically opposed to much of what this administration is trying to accomplish overall.

Northeast Environmental Commissioners: Justin Johnson and David Mears attended a meeting of this group in New York City. They met with senior EPA officials, Gina McCarthy who is in charge of the air quality programs nation-wide, and Curt Spalding, who heads the Boston regional office. They had a frank exchange about the shared interest of the Northeast states in having EPA take a stronger role in addressing interstate air pollution from the Midwest and Southeast. EPA was responsive and we expect to have follow-up discussions in the coming weeks.

Trailbreaker Pipeline: Jon Groveman, Chris Recchia and David Mears met with three environmental groups (CLF, VNRC and NWF) to discuss their concerns about the referenced pipeline which they fear is going to be used for transport of tar sand oil from Canada. They noted that you were already on the record expressing concerns about the pipeline.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

National Ambient Air Standard for PM 2.5 (particulate matter 2.5 microns or less): USEPA finalized on December 14, 2012 the new National Ambient Air Standard for PM 2.5 also known as fine particulate matter. This pollutant is associated with vehicle emissions, wood stoves, and power plant emissions. It is known to cause respiratory problems, heart disease, and lung cancer. Staff have reviewed the data for the past 12 years and the state would be in compliance with the new standard. We will continue to watch high PM2.5 areas such as Rutland and Burlington.

Ryegate Wood Energy: In an email to EPA, we have summarized the record and requested their comment on the applicability of the federal Acid Rain program to this facility. We are looking for comment specifically on the fuel monitoring provisions necessary for Ryegate to obtain an exemption from this program. The Acid Rain Program is intended for coal and oil fired utility units over 25 MW. Ryegate is wood fired but does burn some fossil fuel for startup, making them subject.

Jolley Associates Wastewater Problems: Deputy Commissioner Justin Johnson, Jessanne Wyman, Regional Engineer, Carl Ruprecht of Jolley Associates, Susan Bartlett from the Governor's Office, Senator Richard Mazza and Regional Office Manager Ernie Christianson met at the Essex Office to discuss the failed wastewater system at the Jolley Convenience Store in South Hero. The convenience store was permitted two years ago to allow gas pumps and public toilets with a maximum of 90 gallons per day of wastewater by using composting toilets. The wastewater system failed one year after opening and the water meter data and pumping records indicated that the store was frequently exceeding this limit. By the end of this meeting, it was agreed that Jolley will be allowed to use the existing septic tank and pump station as holding tanks until June 1, 2013 in order to allow them time to pursue off-site wastewater disposal sites. By June 1, 2013, Jolley will be expected to have a permitted solution to this problem. Staff will issue an Assurance of Discontinuance which will contain these requirements.

Bongiorno's in Fayston was recently placed on a boil water notice because of *E. coli* contamination. A sanitary survey revealed that the likely avenue for contamination was the lack of cleaning and repair to the water storage tanks. A three inch hole was discovered and patched when the storage tanks were cleaned, new covers were installed, and improvements were made to the drainage to help convey surface water runoff away from the tanks. The system was disinfected and sampled to help ensure that the water is now safe to drink. We are waiting for one more sample result before lifting the boil.

Deer Creek at Mount Snow COA, Inc.: A loan through VEDA was for \$98,705.00 to fund improvements to the Association's water supply facilities located within the Town of Dover, Vermont. The project will construct a radium treatment system, a discharge pump station, and 200 linear feet of force main to connect to the North Branch Fire District No. 1 sewage collection system.

Site visit and consultation with Dept of Corrections – Southeast Regional Correction Facility, Windsor: Carey Hengstenberg met with staff from the Community High School at the prison in Windsor. This facility has had an on-site compost facility for many years but need help implementing best management practices and meeting Vermont regulations. Their vocational and education programs also

include a robust gardening program. Last year, they grew 12,000 pounds of produce and were able to donate 50% of it to local schools. They would like to set up a similar program with composting and take in food scraps from local schools and hospital and give some of the compost they generate back to the community. We are working with them on both a short term and a long term plan.

Fish and Wildlife

Deer: With all the 2012 deer hunting seasons completed, wardens are spending a great deal of time following up on open investigations and completing arrest paperwork for submission to the court for prosecution for the completed investigations. A few wardens are reporting they are still continuing to have some illegal night hunting activity and poaching of deer since deer season closed. Ordinarily, this late in the fall, snow covers the fields keeping the deer in the woods. However, with the lack of snow deer continue to feed in the fields making them visible to poachers.

Bennington Veteran Home: Warden Travis Buttle reports another dead deer within the Veteran's Home fence. Department biologists have been notified and are working with the Veterans Home on testing the animal.

Plymouth Lakes Creel Survey: The winter creel survey of the "Plymouth Lakes" (Amherst, Echo and Rescue lakes) was planned by setting up the sample design and schedule. The survey will start January 12 and run through March 15 depending on establishment of safe ice and its persistence which in recent winters has been somewhat unpredictable. This will be the first creel survey of the lakes conducted in many years and has been setup to obtain baseline information on the winter fishery to be used in the future management and to design subsequent creel surveys on those waters.

Continued work on the Sheldon Solar Project: Staff continued to work on the Sheldon Solar project as it relates to the Act 248 permitting. The project is located just below the Sheldon Hydro on Missisquoi River and fisheries staff have been providing comments on the impacts to the Riparian buffer. Staff had a formal meeting to review items with the applicant. Final grading plans of the project were discussed and options are being evaluated to keep fill out of the Riparian buffer. Additional discussions identified impacts to public access. Currently the public has 24/7 access to the river but the new proposal would place call boxes on the road and anytime someone wished to access the river they would have to call and then be escorted through the solar arrays to the river. When they wished to leave the process would be the same. There is ongoing discussion about this situation since it is a significant change from current access and public access is potentially a requirement of the FERC license at the Hydro.

Forest, Parks and Recreation

New Killington Telecommunications Tower: The Department of Public Safety's Vermont Communications Project (VCOMM) has completed construction of a new telecommunications tower at Killington Peak. This project involves the consolidation of all the users at the Killington electronic communications site onto the new tower. There are two pre-existing communications towers on site along with a nearby fire tower, all of which are currently used for telecommunications. When this project is completed, all of the users will be relocated to the new tower, the old communication towers will be removed, and the fire tower will be available to be used elsewhere for recreational purposes.

Addition to Green River Reservoir State Park: The final closing details have now been resolved and we will be closing later this week on the final Zach Woods Pond parcel with Morrisville Water and Light (MWL). This 360-acre parcel is a significant addition to Green River Reservoir State Park. The parcel includes all or portions of several undeveloped ponds including beautiful Zach Woods Pond.

Survey Section Updates: Work continued this past week on re-establishing the state's boundary line at Wenlock WMA and on a boundary issue at the Zach Woods Pond parcel. Other ongoing survey projects include the survey and subdivision plat for the Lafreniere sale parcel and survey/boundary work at Blueberry Hill WMA and Emerald Lake State Park.

Sales Are Booming: Word has really spread about the value and convenience of giving state park gift certificates, merchandise and holiday packages over the last three years. All sales are significantly higher than any previous holiday season.

Training for Health Coordinators: The Vermont Education Health Initiative (VEHI) invited FPR staff to present at their training for health coordinators from every public school in Vermont. This training will take place for two days in late January. VEHI is looking for information to help get public school employees outside and active in Vermont State Parks. This is a large event, with training for about 400 people.