

WEEKLY REPORTS

Checklist
6/17/2011

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 Beth)

Susan Bartlett

- Agency of Human Services – Doug Racine

Beth Robinson

- BISHCA – Steve Kimbell* (shared with Anya)

Jeb Spaulding

- Agency of Administration – Jeb Spaulding

Special Reports

- Additional Report: Education
- Additional Report: GIRO
- Additional Report: _____

CONFIDENTIAL and PRIVILEGED—No Sharing

To: Governor Peter Shumlin
From: Lawrence Miller, Secretary, Agency of Commerce and Community Development
Date: June 17, 2011
Re: ACCD Weekly Report

Status of Governor's Priorities

Pat Moulton-Powden, Noelle MacKay and Kiersten Bourgeois met with the Department of Environmental Conservation regarding a **"SWAT" team approach to redeveloping selected brownfields sites** around the state. This is a priority for ACCD and ANR but will involve the AG's office, VTrans, NRB and others as appropriate. Site selection criteria are being developed. Successful efforts in Massachusetts and New Hampshire will be models.

Evolving Issues

Pat met with Sen. Hartwell and Michael Keane regarding a **strategic plan for economic development in the Town of Bennington**. They are launching an effort to break down silos in the local ED delivery network and map out a business development and recruitment plan. Pat time by ACCD to participate in this process. A 1/2 to day long "discussion" amongst key players is planned for July or August. More to come.

The Vermont Ski Area Association announced 4.3 million skier visits for 2010 / 2011. In comparison the NH Ski Area Association announced 2.6 million total skier days for the same time period. **The Governor made a strong address to the Vermont Ski Area Association annual meeting** this week. A suggestion for future addresses is to avoid calling out specific organizations. The Governor mentioned by name AIG while describing the current financial and lending situation that we are in. Stowe Mountain Resort is held by AIG and there were a number of AIG employees in the room. No bridges to be mended but avoiding such references will help glean support in the future.

Commissioner MacKay and Deputy Commissioner Hollar

- Noelle represented ACCD at a **ground-breaking ceremony with Senator Leahy for the new Thayer Commons** neighborhood in Burlington, which is partially funded by HUD Neighborhood Stabilization Program funds from the agency. Many of the project's principals have expressed appreciation for Grants Management Director Ann Kroll's efforts to make NSP funds work for the project.
- The **Vermont Community Loan Fund** is experiencing decreased demand for housing loans in the last two years. Jen met with VCLF staff to discuss the reasons, the administration's housing priorities, and CDBG funding. Fewer development dollars and the diminishing ability of affordable housing projects to carry debt are factors. Stronger relationships between nonprofits and their local banks and a trend towards bigger projects are also having an effect.
- Noelle, Jen and Josh Hanford met with Lawrence to review the **VCDP Board's funding recommendations**. He approved using \$2 million in CDBG funding for 7 out of 11 projects, including both housing and economic development. Jen is now working with the Governor's office to schedule an awards ceremony by the end of the month, ideally in Hinesburg. Winooski, White River Junction and Guilford are also possibilities.
- Jen traveled to **The One and Only Brattleboro** with staff for a community tour that highlighted successful community development projects including 7 funded by VCDP: Commonwealth Yogurt, CABA Evening & Third Shift Childcare Center, Estyville Housing, Omega Optical, Ann Wilder Richards Housing, Wilder Block Housing, and the Latchis Hotel & Theatre. ACCD's ability to make a difference in a community with strong local leadership and vision was clearly demonstrated. The Town

of Brattleboro ranks #1 in VCDP funding received with over \$8.5Million awarded since 1983. **Brooks House** owner Jonathan Chase participated, expressed his intention to rebuild, is working with project manager Tom Appel and wants to explore potential funding from DEHCD.

- A series of **focus group** meetings are being held around the state as part of an **Analysis of Impediments to Fair Housing** required by HUD. After meeting with Gilman Housing Trust and touring potential affordable housing projects, Jen participated in a focus group in Lyndonville. Poverty, rather than outright discrimination, was identified as the greatest barrier to housing choice. Other sessions were held in Barre and West Rutland this week.
- Jen worked with the Homebuilders and Remodelers Association to put together a **focus group of public and private housing developers** as part of broader look at state and local permitting being spearheaded by the Vermont Natural Resources Board.

Business Support

- **NSK Steering Systems America, Inc.:** The company has weathered the supply chain impacts from the Japanese tsunami fairly well due to reduced production from both Toyota and Honda from 30 to 50%. NSK's 4200 square foot expansion has begun and employment is steady at 261 fulltime. A full review of programs and services was made as well as the new components of the Jobs Bill of interest
- **Mack Molding Company:** Business is booming particularly from the medical technology sector. Employment in Arlington is growing slowly and is currently at 450 fulltime. The company has made major investments in new equipment including laser cutting, electronic lathes, and new cardboard box manufacturing equipment that will save hundreds of thousands of dollars in costs with recycling efforts. Major investments in energy saving have been effected with some lighting upgrades with the assistance of Efficiency Vermont. The Big Belly solar-trash compactor is very popular and new product lines in medical technology are also currently undergoing FDA approval. The company was very interested in the STEM and veterans tax credit programs. Appropriate referrals will be made.
- **Caspian Arms:** The company has benefited from the services of PTAC and business is strong. Employment is steady at 20 fulltime. The company is expanding markets globally and may be a candidate for VGTP assistance. Appropriate referrals will be made.
- **Smugglers Notch:** The resort had a banner winter season, although real estate sales have softened. The company expressed interest in EB-5 and will attend a workshop sponsored by LEDC in a week. They expressed concern that because of generous unemployment compensation rates "the State of Vermont is our biggest competitor" for personnel. They have also had difficult interactions with the Workers' Compensation Division over several cases they felt were frivolous and fraudulent. Appropriate referrals will be made.
- **Concept2, Inc.:** A meeting with company officials revealed that sales are strong and employment steady. Two-thirds of their business is done outside North America, and the company enjoys the status as the world leader in the rowing oar sector.
- **Vemas Corporation.:** The company harbors very negative perception of Vermont as a place to do business citing continued increased costs of doing business including unemployment insurance, healthcare, and taxes. They feel the state is doing little to "advertise" Vermont companies outside the state and does not take a proactive role in supporting small business. Vemas received two recent contracts that will require export assistance to finance the projects, and referrals to REDC and the SBA Export Loan program and VEDA will be made.

EB-5

- James Candido is travelling to China next week to assist the Lake Champlain Regional Chamber of Commerce with events they are holding in the country. Also, James will give a speech and present at an investment and immigration trade show in Shanghai on the Vermont Regional Center. This is a great opportunity to market the Regional Center to a wide audience and the show is expected to have over 400 participants. Country Home Products is planning to have a booth at the show.

- James also met with a new project that could use EB-5 to expand and update a current hotel. If approved this could mean that the program would have three new hotel projects moving into the fall.

Historic Preservation

- **Vermont Days Weekend at western sites:** It rained and rained, perhaps cutting usual attendance by a third to a half, but everyone had fun.
- **Vermont State Historic Sites on Facebook:** Recent statistics show that the sites page now has almost 1,600 “lifetime likes” and 365 monthly users; friends who actively, and frequently visit the site. There has been a 98% increase in active use of the facebook page by the public since DHP has assumed responsibility for maintenance of the page.
- **VCNAA:** Applications are now being accepted for appointments to the Vermont Commission on Native American Affairs for the following: one (1) position to fill a vacancy for a term that expires August 31, 2012; and four (4) positions each serving two (2) year terms.
- **Barn Census Director:** Joshua Phillips started work on June 13 as the Director of the Barn Census. It is a Limited Service position through October 2012. Josh is a native Vermonter and earned a Master’s degree in Historic Preservation at UVM. He has managed a historic barn survey and grants program in Maryland, worked in computer engineering, and most recently served as Executive Director of the Middlebury Area Land Trust.
- **Historic Property Stabilization and Rehabilitation Special Fund:** Nancy drafted a report on the Historic Property Stabilization and Rehabilitation Fund that was authorized by the legislature this past session. It is a pilot project of the Division and BGS to take revenues from the sale or lease of underutilized and out-of-mission historic properties owned by BGS and the Division and use them to stabilize and rehabilitate other historic properties (but not the state-owned Historic Sites open to the public which will continue to be funded in the capital budget.)
- **Montpelier, District Heating Plant:** DHP reviewed and signed the Memorandum of Agreement between the U.S. Department of Energy and DHP. The purpose of the MOA is to take into account the potential effects of the project on historic resources. The Vermont Advisory Council also reviewed and signed the MOA, and it is now being circulated to BGS and the City of Montpelier for their review and signature. DHP will then forward the MOA to DOE for their signature.
- **VTEL Broadband Infrastructure Program Project #7555:** DHP received a final draft of a Programmatic Agreement between USDA-Rural Utilities Service and DHP for BIP Project #7555. The project involves the construction of approximately 1700 miles of fiber optic cable throughout the state. DHP will review the final draft today and submit final comments to USDA-RUS no later than tomorrow.

Housing

- **River Run MHP, Berlin (flood damage):** Jen and Arthur Hamlin have met with and been in communication with the Town Select Board. If the park closes, VCDP funds might be able to help residents relocate. Arthur attended a special meeting of the Select Board for the residents of the park to provide resources and information to assist them after most of the homes were destroyed or damaged in the March 26, 2011 flash flood. Arthur gathered and provided information about the Green Mountain Loan Fund which CVCLT operates to help homeowners make repairs, and USDA’s home loan programs, and our listing of other mobile home parks with vacant lots that homes could be moved to, and was available to answer questions about the residents rights in case of park closure.

Vermont Training Program (VTP)

- Beth Demers, Vermont Training Program (VTP), met with Hubbardton Forge. The company is starting to see sales increases and is now looking at continuing training initiative that were put on hold in 2009. She also met with Ann Clark Ltd. The company recently acquired another cookie cutter business and is now the largest cookie cutter manufacturer in the USA. Due to the acquisition the company has several training needs including: Lean Methods, New Hires, and Upgrade Training on new equipment. Beth will be working with Ben and Kevin to develop a proposal for funding.

Tourism & Marketing and Vermont Life

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- In partnership with Professional Associates of Innkeepers and some key innkeepers, Megan Smith held Vermont's first organizational meeting to form a **Vermont Innkeepers Association**. Over 100 people attended and a committee was formed. We are one of 3 states in the country to not have a formal organization while we have the highest number of inns per capita. Initial goals will be to set up a mentoring program for new innkeepers, marketing collaboration and also some lobbying efforts.
 - Megan attended the board meeting of **Discover New England** and was elected Treasurer. The board consists of the 6 Tourism Directors from the New England states and we oversee a staff of 3 that work out of Portsmouth NH. The focus of the group has always been international travel (Great Britain, Germany and France) although we are considering doing some direct marketing to CA and TX. Our annual "Summit" is going to be hosted in Vermont in 2013 and Megan is working on the RFP with the Director. This is a very coveted piece of business that is going to create some interesting competition between our resorts.
 - **WCAX 30:** Deputy Commissioner Cook appeared on the:30 to discuss flooding and its impact on tourism.

Cultural Heritage Tourism

- Researched and wrote article for website promoting statewide Independence Day activities. Additional articles to come include special 2011 museum exhibits, and an "all-things-Calvin-Coolidge" piece.
- **Communications and Outreach: Summary:** Local news coverage of Vermont's flooding impact continues. The Associated Press picks up a positive story that Vermont experienced its best maple season since the 1940s. In other positive news, Burlington is a finalist in Outside Magazine's "Best Town Ever" contest, and Amtrak ridership is up in Vermont.
- A promotional video for the **Vermont Travel Industry Conference** was presented to the VTIC board of directors and at their annual meeting last week. The video was commissioned by VDTM and produced by Hen House Media. Erica Houskeeper coordinated interviews with Gov. Shumlin, business owners and members of the Vermont tourism industry. The video can be viewed online at:
 <http://www.youtube.com/VermontTourism#p/u/6/BPXstNP-Q7g>
- VDTM also commissioned **Hen House Media** to film two educational workshops at the Vermont Travel Industry Conference. Erica Houskeeper coordinated.
Chris Diaz: Becoming a Better Writer: <http://www.youtube.com/user/VermontTourism#p/u/7/-BguthWeKrg>

Vermont Film Commission

- Filmmakers Perry Tallman and Dan Madden recently discovered rare still photographs taken in the 1930's in Gilbert's pasture in Woodstock of the nation's first commercial mechanized ski tow line in the U.S. Perry and Dan are in preproduction of a documentary that will include firsthand accounts of the towline operation and rare footage, which hasn't been seen in fifty years. The Film commission is assisting the filmmaker on copyright and production personnel for the production.
- Director/ Screenwriter Colin Trevorrow recently completed shooting his feature film "Safety Not Guaranteed". He is now in Burlington to score the music for the feature film. The film commission is assisting to identifying recording studio space and personnel for the project.
- The Bissell Foundation recently awarded a grant to the Chandler Music Hall in Randolph for acquiring projection equipment to create a screening facility in the Upper Gallery at the Chandler. VCF is working with board members and the Bissell Foundation to install similar facilities throughout the state.
- This past Monday, City View Productions screened their new film "One Voice", a film about bullying and teen suicide. The film was produced by Joel Klein and Debbie Ingram -- and it is their debut film launched by their newly formed production company. The inspiration for the film grew out of an 8th grade final challenge project by the producer's son, Josh Klein, who wanted to address a growing problem of teen bullying in schools. The film commission has been working with Joel and Debbie in the startup of their new company and its plans to produce two new features.

116 STATE STREET
MONTPELIER, VERMONT 05620



OFFICE OF THE SECRETARY
TEL: (802) 828-1619
FAX: (802) 828-2361

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: June 17, 2011

Status of Governor's Priorities: Deputy Secretary Bothfeld met with group working on the plan for the State Lands in Windsor associated with the old prison farm. A meeting with UVM Extension, VHC Farm Viability and Sustainable Jobs Fund will be convened to discuss potential Ag production and value added businesses possible for that site.

Jobs in Agriculture
Black River Produce – route driver – Williston, VT

Press Issues/Releases/Contacts:

Press Issues/Releases/Contacts:

- Vermont Agriculture Secretary Farmers Encouraged to Report Losses Sustained from Flooding and Soaking Rains This Spring
- Strawberry Season Starts this Weekend
- Burlington Free Press: Nancy Remson visited the agency this week to review our files on Fair & Field Days stipends and grants. She also has tax questions about how these entities report revenue/loss. This story will most likely run next week. I will forward more detailed information as it is available. *This has potential to be somewhat contentious.*
- Burlington Free Press: Candy Page will be at the agency to review all records in relation to the operations of Doug Nelson. This request encompasses a large amount of data from three divisions of the agency. She does not have a deadline at this point for the story to run.
- 6/10/11 Associated Press, Lisa Rathke; Maple season and revenue update
- 6/10/11 WPTZ, Stewart Ledbetter; Disaster declaration for agriculture
- 6/13/11 BFP, Nancy Remson; Fairs and Field Days accounting and allocation of state funds
- 6/14/11 WPTZ
- WCAX
- VT Press Bureau Disaster declaration for agriculture
- 6/14/11 The Common Olga Peters Farming trends in Vermont
- 6/15/11 Addison Independent Andrea Keep Local Farms

Press Releases

- Chittenden County Introduces Horse Farm of Distinction Program
- The Vermont Agency of Agriculture, Food and Markets has received applications for a Milk Handlers license from the following entities:
 - G.K. Bisson Trucking LLC, 121 Jensen Rd., Barre, VT 05641 to assemble/transport dairy products in the state of Vermont.
 - Hibbert and McGee Wholesalers, Inc., P O Box 307, East Barre, VT 05649, to sell, process, and package dairy products in the State of Vermont.
 - Green Mountain Organic Creamery, 10516 Route 116, Hinesburg, VT 05461 to sell, process and package dairy products in the State of Vermont.



Upcoming Press Events:

- National Farmer's Market Week is August 2 – 8. We are in the planning process for events around this week with the Governor, Secretary and Congressional Delegation. Partners include NOFA Vermont and Hunger Free VT.
- There was some media attention this week around the LA school system decision to remove flavored milk from school lunches. Talking points in relation to this subject are available if needed.
- Secretary Ross is taping a segment for You Can Quote Me today that is scheduled to run tomorrow. Focus will be on weather and impact to farmers.

Significant Events/Meetings:

- Samosaman had some record keeping violations that were evaluated to make sure the product distributed into commerce was safe. It was determined that a recall was not going to be requested of the establishment.
- Meat Inspection Service is currently setting up appointments for Consultant Erika Voogd to do site visits to slaughter establishments the week of June 27 as part of the humane handling training program roll out. Erika Voogd has done work in VT before with Slaughter Facilities and she comes to us recommended by Temple Grandin.
- Ag Innovation Center Board: Deputy Sec LaClair chaired the quarterly meeting of the AIC which has delivered over \$1.2 million in grant funding for infrastructure, professional, workforce, and market development, as well as technical assistance, to farmers, producers, agri-business and Ag organizations in the past 2 years. Financing was secured by Senator Leahy in FY 2009 and 2010. The board, which now exists in Vermont statute effective January 2011 (though operating since March 2009), will not receive funding from USDA Rural Development for this FY. Large scope of work to complete grant activity will continue thru September 2012; AIC board discerning what its role will be, if any, if funds are permanently eliminated. AIC board has identified the need for a statewide Web Platform to support Vermont Food System development as a critical issue (also identified in Farm to Plate). Sec Ross will convene key stakeholders and facilitate this discussion on June 30th.
- Vermont Food Venture Center, Hardwick: Deputy Sec LaClair and Agency Ag Development staff toured the center to view the state of the art facility and discuss financial sustainability, additional technical assistance needed, relationship with other regional food hubs, and expansion of farm to school/farm to institution opportunities to support regional farmer/producer market growth.

Evolving Issues:

- The Food Sovereignty movement: The Agency is drafting a letter to invite the heads of several Agencies/Departments and the Ag's office to have a conversation about the state wide implications of this movement. The current position statement is: *I understand that certain towns may be interested in Food Sovereignty referendums. The State of Vermont is reviewing these referendums and the Department of Health, Agency of Agriculture and the Attorney Generals Office are working together to determine the impact of these referendums.*

Summary of Key Agency Department Activity:

Administration

Deputy Secretary Bothfeld met with Agency staff and Staff from ANR to discuss wetland delineation and the agriculture land mitigation process for ACT 250 criteria 9(b). Two agencies are working together to try and solve areas where the two regulations do not agree – for example in ACT 250 Ag land is mitigated to be conserved for the potential for agriculture in the future; the goal of wetlands is to allow the wetlands to revert back from Ag use to a wetland if not being actively farmed. The group will continue to meet to determine solutions but will work closely on new applications and on amendments to ACT 250 permits.

Sec Ross and Deputy Sec LaClair met with Agricultural Lab staff. The meeting included discussion of the work of each of the staff members, funding issues for the lab and equipment. A couple of major issues emerged. The first was the likely migration of the Emerald Ash Borer (EAB) and/or the Asian Longhorned Beetle (ALB) to Vermont. Both of these bugs will threaten Vermont forest when they arrive. EAB is being fought with experiment parasites that have yet to be proven effective on a large scale and the ALB requires

eradication of infected trees like is happening in Worcester Mass right now. The second issue is the shortage of funding to replace critical and expensive equipment. A priority list will be developed as to which equipment is most critical and most likely to need replace and what the cost is likely to be. Funding options will be discussed further.

Ag Development

The University of Vermont Extension 4-H Youth Development Program has been offering an embryology project to school classrooms, daycares and homeschoolers for over two decades, reaching over 2,000 youth annually. Each year, in the spring, UVM Extension delivers fertilize eggs, curricula and technical support to classrooms. Students assist the teachers over the course of a month by turning the eggs, monitoring and recording temperature, and keeping records. Students' journal about what is happening with the developing embryos. Once the chicks are hatched, most classrooms donate the chicks to farmers and the program ends.

Visit? ag/ed?

UVM Extension has been working with Patricia Hannaford Career Center in Middlebury and the Agency of Agriculture to develop a new phase of this popular program that will pick up where the embryology project leaves off. In March, agriculture students from Hannaford Career Center were matched up with students at Mary Hogan Elementary School who were participating in the embryology project. The older students visited the classroom to receive updates from the students on the data they have collected and the observations that have been made. At the same time, the older youth developed their business and marketing plans by enlisting the help of an advisory board made up of local poultry producers, a member of the University of Vermont Poultry Team, their Ag teachers and their local farm to community mentor. The business and marketing plans included type of housing to be used, a feed and nutrition plan, processing and storage plans as well as marketing and distribution plans. Processing of these birds will happen July 6th at Hannaford Career Center and birds are being sold directly to community members for \$3/lb.

This year's project was considered a pilot and the Agency of Agriculture and UVM Extension with 4-H will develop a plan for replicating at other career centers around the state.

Deputy Secretary Bothfeld with developers of myfarmstand.com – a web based farmer's market business. The business allows consumers to shop online for Ag products. Farmers have password protected access to the website to add inventory and set price for products. A coordinator collects the products and puts together orders. The business model provides 6% of sales to web site coordination, 9% to coordinator and 85% to the farmer of the price paid by consumers. Four sites are active at this time – Charlotte, Vergennes, Fairfield and Swanton. This business will be important to include in the discussion with the soon to be hired local food coordinator (from Jobs Bill) on the development of a statewide data based of producer inventory and consumer, wholesale and retail demand.

Food Safety and Animal Health and Consumer Protection

State veterinarian attended the Northeast United States Animal Health Association meeting in Rehoboth Beach Delaware this week. Focus was paid to discussions pertaining to emergency management of animal related incidents, cross border communication btw the NE US and Canada, livestock animal welfare, and budgetary constraints. The organization is developing a resolution to submit to USDA-APHIS requesting that a line item be included in the next Farm Bill to fully fund the National Animal Health Laboratory Network. Note – our State Veterinarian is serving as president of this organization and on top of her other duties organized and managed this conference. Feedback from UDSA personnel – best conference they had been to in years!

Animal Health Field Staff

- Coordinated with the Rutland and Fair Haven Police and a veterinarian on an animal cruelty case
- Inspected a new cattle receiving station in Middlebury
- Continued investigation of 2 cattle dealers who transported cattle to Vermont illegally
- Graded eggs at a major Vermont egg farm
- Tested poultry for Avian Influenza and Salmonella at producer's farms

Send note?

- Inventoried cattle illegally imported in the state at 2 farms in Addison County
 - Worked on USDA/State of VT cooperative agreements for Foreign Animal Disease Response
 - Attended FDA Tissue Residue training course in Madison, WI. Received certification to perform residue investigations in VT under FDA/State cooperative agreement
- Assistant State Veterinarian-
- Contacted a veterinary practitioner in regards to his client having a volatile tissue residue for a drug that is illegal in the US
 - Provided guidance to the Lunenburg Constable on cattle that are getting out and destroying private property
 - Coordinated efforts with a veterinarian on submitting a sheep brain for rabies, scrapie and listeria testing
 - Consulted with a veterinary practitioner who suspected a client's boar was exhibiting signs of Brucella suis orchitis. Gathered information from the Cornell Diagnostic lab on the proper testing protocols
 - Issued a verbal and written quarantine to a horse owner who imported a pony without a negative Equine Infectious Anemia test
 - Participated in an Animal Health Network conference call. Prepping for a drill of the Ag Alert Network sometime in late June
 - Spoke with Cornell Quality Milk personnel in regards to establishing a collaborative bulk milk monitoring program in VT. The program is USDA grant funded and monitors milk for common mastitis pathogens and foodborne pathogens
 - Provided technical assistance to 2 chicken producers who are experiencing death losses in their flocks
 - Drafted a NOV for a producer who illegally imported 16 cattle into VT from NY
 - Attended the FDA Tissue Residue course in Madison WI. Learned the principles of performing tissue residue field investigations. Networked with key FDA personnel

Meat Inspection Points of Interest

Compliance Issue: At Richmond Farmer's Market, found a producer of beef jerky to be selling product that had not been produced under inspection as required. A statement was taken from the gentleman, and his product was taken out of commerce.

Ag Resource Management

Secretary's Commentary:

Secretary Ross undertook the following activities:

Sec Ross attended the Annual meeting of VT Council of Rural Development (VCRD). Annual work and budgets were reviewed and discussion was had about activities for the next year. Finances are good this year but likely to be tough next year. VCRD is a leading organization in the US.

Sec Ross also met with Gus Seelig of VHCB to discuss budget matters that link the two organizations as well as some conversation on conservation and the Yates suit against the VT Land Trust. VHCB agreed to fund some conservation work done by the agency.

Ross also attended a discussion group of Energy Action Now (EAN). Public awareness strategies were discussed about how to elevate the story and educate the public about the feasibility attaining the goal of 80% renewable energy for all energy uses in Vermont by 2030.

Ross also participated over the phone in the NASDA (national association of state departments of agriculture) budget committee meeting.

Met with James Maroney – Mr. Maroney has many opinions on the Dairy Industry in Vermont and the role of dairy in the quality of the lake.

Met with Michael and Tim Cahill – residents of Lunenburg, VT who are upset with a farm from New Hampshire that spreads manure on a field near their residence. Farmer has been monitored by the Agency of Agriculture and is in compliance with buffers surrounding the residence, well head and river.

Sec Ross attend the memorial service for Jerome Kelly held in the State House. He spoke on behalf of the Agency about the wonderful work Mr. Kelly did for the Agency of Agriculture.

Sec Ross discussed with Dan Munroe of the Discovery Channel the possibility that the Discovery might select Vermont to shoot a story on culinary tourism. If selected Vermont would be part of a 30 minute story line with a 4 to 6 minute segment. Vermont would be required to come up with \$27,000 and provide some limited assistance on the shoots. A formal proposal will be sent to Sec. Ross if Vermont is selected. A decision will need to be made by next week.

Ross is planning on appearing on “You Can Quote” in the afternoon at the WCAX Theater. The subject is likely to be the impact of flooding on the agriculture.

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Brian R. Searles
DATE: Friday, June 17, 2011
SUBJECT: VTrans - Confidential Report to the Governor

Friday, June 17, 2011

Flooding Update

Thankfully, these reports are getting shorter. Lake level this morning is at 100.23 feet and falling steadily. This week has not been marked by significant rain events, although some storm activity is expected today. All state roads previously affected by flooding are now open and the deeper damage assessment activity is occurring. A total of 36 closures occurred on the state system over the past 8 weeks (this event dates back to April 23). We are beginning to get to the normal load of District maintenance projects which are about 6 weeks behind and people have generally been patient about the delays. Having said that, given the weather and the resources available to deal with these issues people's expectations for smooth road surfaces are not realistic but we'll keep trying to meet them.

Trespass Issue

Over the last couple of years a gentleman named Keith Roberts has moved on to the I-89 Right of Way near Brookfield and built a rudimentary dwelling and outhouse. Now that it has been discovered, issues of healthy, safety, haz-mat, firearms use including poaching and other issues have been determined. VTrans is working with the Vermont State Police, ANR and appropriate social service agencies to see that Mr. Roberts is removed along with the buildings and refuse at the site. He was notified earlier in the year to vacate by May 1 but has made no effort to do so. This matter has the potential to draw some public attention as efforts to evict Mr. Roberts become more formal.

Another Brookfield Issue

The Floating Bridge has been closed to traffic and pedestrians for some time due to the fact that it no longer actually floats very well. Significant investment was made about ten years ago to restore the bridge but replacement is now in order, if warranted, as it is unsafe. As a transportation facility it does not rank very high on the priority list among the myriad state system needs. However, we understand that we need consider the

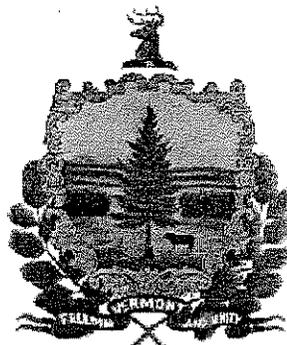
tourism angle and are willing to do that once we understand it a bit better. For now, it is a potential liability as, although closed, it is being used by pedestrians and for fishing etc. and is partially submerged, very slimy and slippery and our maintenance folks would like to remove it.

MONTPELIER

A temporary bridge and road at the Route 2 Checkered House Bridge in Richmond will open on Wednesday, June 22. The temporary, two-lane bridge over the Winooski River is directly adjacent to the existing 1929 bridge on Route 2. Construction of the temporary bridge will allow traffic to flow smoothly on Route 2 while construction is underway at the existing 1929 bridge.

The total length of the temporary bridge is 392' with a 266' foot center span. It took about 14 weeks to build, with construction beginning in late March. The temporary bridge will be used for two years until the Checkered House Bridge is re-opened in late spring 2013. The Vermont Agency of Transportation urges motorists to please use caution when navigating the construction site and abide by all posted speed limits. While the old bridge was load restricted, all legally permitted truck traffic can use the new temporary bridge. While the temporary bridge will allow two-way traffic to resume on Route 2, construction activities may cause intermittent lane closures. Information on conditions that may affect travel will be posted on www.511vt.com and a project website.

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: June 17, 2011
SUBJECT: Governor's Report

Division Reports and Updates;
Vermont State Police

Approximately ten officers from multiple agencies responded on June 11th, 2011 to the Machia Road in Sheldon for a report of an underage drinking party in which over 100 minors were found to be involved. Arrested was a 16 year old for C&N Operation after almost hitting a trooper with her vehicle.

Missing person's case in Essex; VSP assisting with investigation using all the resources available which have been requested by local police.

Castleton Elementary School; 12 year old male perpetrated on several 12 year old classmates. Numerous interviews conducted. Investigation continued.

Trp. MV stop encountered illegal alien, subject on Terrorist watch list. Subject had ATM receipt with \$300,000 in account.

Division of Emergency Management

Received Presidential Declaration for the first storm damage, some discussion continuing with FEMA to combine the damages from the second storm with the first, if not a second declaration will be needed. This is being evaluated and we expect to receive some direction from FEMA on this soon.

FEMA will have additional teams in Vermont sometime next week, expecting mid week, but no confirmation as of yet.

Governor Jim Douglas

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Continue to work communities on assessments and coordination with State Agencies.

Division of Criminal Justice Services:

Governor Highway Safety Program has been move to State Police effective July 5, 2011.

As of July 1st we will begin collecting samples from all persons arraigned and PC found that they committed a felony. We will be using the conditions of release court orders as a method to begin collecting samples. The court shall order all persons who are being released to return to the arresting agency for submission of a DNA sample. We are working with the Department of Corrections to collect samples from those persons returned to a correctional facility.

Division of Fire Safety

Fire investigators investigated a number of fires throughout the State.

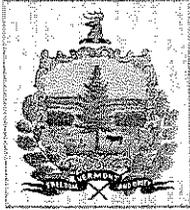
Assistant Fire Marshals assisted with building inspections during the floods and continue to receive request for assistance with trailer parks that were affected.

Fire training throughout the State is coming to a close with testing and evaluations of students.

Issues/Updates:

We are in the process of hiring a Lab Director and the Executive Director for the Division of Fire Safety.

Legislative Contacts:



State of Vermont...

Department of Banking, Insurance, Securities & Health Care Administration (BISHCA).

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.bishca.state.vt.us

Memo from Commissioner Steve Kimbell

CONFIDENTIAL AND PRIVILEGED – NO SHARING Report to the Governor for Week Ending June 17, 2011

Governor's Priorities

General Counsel Peterson attended the first meeting of the Nominating Committee for the Green Mountain Care Board to provide guidance as to the requirements of Act 48. He also met with representatives of the Vermont League of Cities and Towns regarding its plans for adapting to the world of the federal ACA and Act 48.

Evolving Issues

Hospitals have reported year-to-date financials through March 31, 2011. Review of the information finds that utilization is down, net revenues and expenses are lower than projected, and the year to date surplus is also below budget. Final projections indicate a year of lower hospital revenues and smaller surpluses. These results continue trends from last year.

Outreach

The Securities Division presented with Dr. William Pendlebury of the University of Vermont at the Gerontology Symposium held at Castleton State College on 6/10/2011. There were 130 attendees; there will be another presentation for neurologists at Fletcher Allen in April of 2012. There are normally 300+ physicians that attend that session. The Division also presented the FINRA curriculum to the Community of Vermont Elders on the evening of 6/10/2011 at the Norwich Town Hall.

General Information

Annual broker appointments and reappointments are being made during the month of June. BISHCA will collect fees of approximately \$10 million, paid by insurers, during this period.

It has come to the Department's attention that a visiting nurse organization may be operating in the state without required permits. The Department is investigating.

MEMORANDUM TO GOV. PETER SHUMLIN

To: Gov. Peter Shumlin
From: Governor's Information and Referral Office
Date: June 17, 2011
RE: Weekly Constituent Update

Current Issues:

- ☆ →
- Several calls from small business owners complaining about the high rates for **Workers Compensation Insurance**. The owner of a small canoe rental business said he was unable to hire a part time summer employee because Workers' Comp will cost him so much.
 - Residents of **Colchester** have been calling to complain that the bulk of their community's damage was suffered on May 23rd, but the FEMA declaration only covers until May 9th leaving most residents uncovered.
 - People on behalf of the Human Rights Campaign continue to e-mail you asking you not to attend **Governor Perry's Day of Prayer**. The response continues to be that you will not attend.
 - Constituents are e-mailing their concerns and questions regarding **FEMA assistance**, how to obtain it and what assistance really means.

Office Update

- GIRO continues to look into purchasing an off the shelf constituent tracking system to improve efficiency, record keeping and allow the office to be proactive in mailings. We have contacted the most popular software systems and the offices of other governors for information.
- Sent out letters of congratulations to graduating valedictorians.

Intern/Fellow Progress Report:

Catherine Craig: Intern

- Contacted all public high schools in Vermont and sent congratulatory letters to all valedictorian students
- Drafted constituent correspondence letter regarding agricultural guest worker programs

Elise Shanbacker: Fellow

- This week I have focused on categorizing comments from the stakeholder meetings held this past March and April. Using the transcripts from these meetings, I paraphrased roughly 60 comments and analyzed them for major themes. I created a mock-up of a blog that could potentially be an interface for rolling out the plan. The blog is also a useful tool for tagging and categorizing comments, making them more accessible.
- I also looked at the make-up of the attendees at these meetings to find out who's commenting, who's not commenting, and where they are from. I generated a list of represented groups, and a map of the towns that had identified residents at the meetings.
- On Wednesday, I also traveled with the governor to various speaking engagements, listening to him talk about his various policies and positions—including some of his thoughts on energy and the environment. I increased my familiarity with some of these positions and talking points by responding to constituent letters on energy issues for GIRO.

Appointments:

Swanton Justice of the Peace-

APPOINTED: Darlene Cooper

St. Albans Town Justice of the Peace-

APPOINTED: William Nihan

Prevention of Domestic and Sexual Violence Task Force-

APPOINTED: Bethany Pombar, Montpelier-CHAIR, domestic and Sexual violence prevention expert

APPOINTED: Chris Dinnan, Wallingford-Dept. of Corrections, experience with men who batter

APPOINTED: Mark Carignan, Brattleboro-law enforcement officer

APPOINTED: Linda Johnson, Cabot-child sexual abuse expert

APPOINTED: Paul Hochanadel, Burlington-violence intervention and prevention program director

APPOINTED: Ron Redmond, Essex Junction-men's engagement advocate and business leader

APPOINTED: Roberta "Bobbi" Gagne, Barre-Sexual violence program director

APPOINTED: Michelle Fay, St. Johnsbury-domestic and sexual violence program director

APPOINTED: Kim Brittenham, Montpelier-disability rights advocate with the Vermont Center for Independent Living (parent)

APPOINTED: Lilly Talbert, Cabot-communication and public relations specialist for the Vermont Commission on Women

APPOINTED: Melissa Murray, Hinesburg-GLBTTQQ issues expert, works on behalf of Vermont's queer youth

State of Vermont
Vermont Department of Education
120 State Street
Montpelier, VT 05620-2501

**CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM**

TO: Governor Peter Shumlin
CC: State Board of Education
FROM: Armando Vilaseca, Commissioner
DATE: June 17, 2011

Data Collection Survey: Thatcher Moats from the Times Argus met with me on Thursday inquiring about the discussion at the last SBE meeting regarding the decision to put the data collection survey on hold. I tried to not make it obvious that the directive came from the Governor's office, and I have been trying to down play the entire situation. He persisted in asking about the possible consequences of not following the SFSF requirement. I responded that we are on hold while we work with the USDOE on extending the deadline, pursuing increased revenues for a data system, and/or to give schools more time to figure out how to complete this data collection. I tried to do what Susan said to do, "play it down".

CCSSO's Rural Chiefs Meeting: I spent the end of last week in Montana at the Rural Chiefs Meeting, which included State commissioners/secretaries of education from rural states. The meeting was titled *Rural Education Issues: A State Conversation* and the focus was to assist the USDOE in taking rural states' issues into consideration in the development of the reauthorization of ESEA/NCLB. Additionally, we wanted to make sure that the USDOE understood that competitive grant options pose a major challenge for rural states since we do not have the capacity, or often the expertise, that larger states do to be competitive for such grants. John White, Deputy Secretary for Rural Outreach, was present and that gave us a direct line to Secretary Duncan. Another major area of focus was expanding access to technology for rural schools/children and the increased need to offer more individualized instruction via technology in our rural schools. "Rural brain drain" which is prevalent across the US was also discussed at length. The Rural Chiefs have representatives from several large agricultural companies working with us to help slow the pace of the "rural brain drain" by helping students in our states see the value and benefits of working and living in rural states.

New England Secondary School Consortium (NESSC): The NESSC is a state-led regional partnership encompassing Connecticut, Maine, New Hampshire, Rhode Island, and Vermont. Formed in 2007, the Consortium was created by a group of state education leaders who recognized that a multistate collaboration could strengthen, expand, and sustain the critical high school improvement work already taking place in their state. On July 7, 2011, the Education Commission of the States will honor the NESSC as the recipient of the prestigious 2011 Frank Newman Award for State Innovation during its 2011 National Forum on Education Policy in Denver. The award recognizes the Consortium's bold example of state leadership, collaboration, expertise exchange, and resource sharing across states, as well as its commitment to promoting 21st-century skills, supporting high school innovation, reducing

could
GPS
Initiative
2011-12
inter-
collaboration

persistent achievement gaps, and graduating every student prepared for success in the colleges, careers, and communities of our global society.

Investing in Innovation Grant Competition for Districts (i3): On June 3, the USDOE kicked-off the 2011 Investing in Innovation (i3) grant competition to continue support for evidence-based practices in education. This second round of i3 makes \$150 million available to individual school districts, consortia of districts, and non-profit organizations in partnership with districts or groups of schools. Grant recipients will be required to secure private sector matching funds of 5%, 10%, or 15%, respectively. The Department will offer pre-application workshops along with several webinars on key topics in the coming weeks. Applications are due by August 2. Awards will be made no later than December 31. FOR MORE INFORMATION, PLEASE GO TO <http://www2.ed.gov/programs/innovation/>.

Weekly Field Memo: In case you did not see it, here is the link and list of subjects covered in this week's Weekly Field Memo.

http://education.vermont.gov/new/html/dept/field_memo.html#first

103 South Main Street
Center Building
Waterbury, VT 05671-0301

Tel: (802) 241-3600
Fax: (802) 244-1102

www.anr.state.vt.us



Deborah L. Markowitz
Agency Secretary

Christopher Recchia
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Christopher Recchia, Deputy Secretary, Agency of Natural Resources
CC: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: June 17, 2011
Subject: ANR Weekly Report

Status of Governor's Priorities:

- 1) **Brighter Economic Future/Growing Jobs/Quality of Life:** Nothing specific to report this week.
- 2) **Climate Change/Renewable Energy:**
 - **Lowell Mountain, Kingdom Community Wind:** Negotiation of project mitigation easements consumed FPR legal staff time this week. Several hurdles were created, then resolved, due to underlying landowner demands and expectations. This is a stellar example of why options to purchase, rather than lease, lands for these types of projects should be encouraged. In the end, we expect – and are working hard – to overcome remaining obstacles
 - **Climate Change Adaptation Strategies for Forests:** The ANR Climate Team has an opportunity to advance climate change adaptation strategies for forests through this week's announcement of a US Forest Service competitive grant award. The goals of this 3 year effort are to identify species and landscapes most vulnerable to climate changes, develop Vermont-appropriate adaptation strategies and decision-making tools for forest management, and provide demonstration areas for training foresters. The Department of Forests, Parks and Recreation will administer this grant.

3) **Infrastructure:**

- We met with the Chittenden County RPC on their Sustainability Project on Monday, which seems like a real opportunity to visit infrastructural needs in the context of a wide-ranging scope of issues.

4) Reducing Recidivism:

- We are making use of Corrections crews to assist in Lake Champlain area park cleanup and repairs as water recedes.

5) Effective Government:

- ANR had active participation in the early planning meetings to prepare for the new statewide “time & labor” system and the new budget development system.
- Secretary Spaulding’s May 17th I-Top memo mentions the soon-to-be-created and long awaited Enterprise Exchange Governance Board (email). Last Friday’s email outage is the most recent example of why this body should exist. The poor communication from the Agency of Administration’s DII resulted in a lot of lost productivity, confusion and frustration.

6) **Healthy Vermonters:** Nothing specific to report this week.

7) Children’s Future:

- **Outreach/Stream Ecology Workshop:** Staff spent a day at the Browns River Middle School in Jericho leading groups of seventh graders in a stream ecology workshop on the Browns River, which borders the school grounds. Staff discussed stream and riparian habitat, sampled macro-invertebrates, and demonstrated the use of a backpack electrofishing unit to sample the fish community. Staff then identified the fish and macroinvertebrates collected and discussed their roles in the stream food web and as indicators of water quality.
- Foresters are organizing to assist with weekly education programs this summer at the **Green Mountain Conservation Camps**. FPR staff and other foresters provide a full day’s programming between the two camps each week when they are open.

Legislative Issues/Contacts:

- Senator Jane Kitchell contacted WWMD regarding a constituent’s questions over the disposal of grey water.
- Senator John Campbell was contacted regarding an Administrative Order (AO) on alleged violations at a constituent’s pizza restaurant.
- We met with Rep. Sarah Buxton regarding gravel removal issues in the White River basin.
- We are working with VTrans on tire chain changing locations on route 9 in Bennington – a project important to Senator Sears.

- We will be meeting with cabinet level folks on Current Use and Energy Planning in the upcoming weeks – both with legislative implications.

Press Issues/Releases/Contacts:

- A press release announcing Hunter and Bowhunter Education Instructor training was issued.
- Another press release was issued to kick off the season with the 2011 LCI Father's Day Fishing Derby.
- Staff met with Candy Page of the Burlington Free Press and TNC representative Emily Bodecker about guiding Ms. Page on a rattlesnake monitoring field trip in Fair Haven. Ms. Page expects to print a story on this outing in the Green Mountain Section of the Free Press this coming weekend.
- Because of the continuing public interest in the bear incident in Cabot, staff have responded to multiple public requests for help on how to deal with bear conflicts throughout the state and were interviewed twice by WCAX.
- There has been considerable media coverage of flooding during which we have tried hard to remind people of the huge variety of other state park opportunities available. A joint press release with the Department of Health was issued last week explaining the standard bacteriological swim water testing protocol and the favorable results generally across the state even in light of high spring runoff.
- The summer online and weather-prompted radio promotion campaigns begin this week. The state parks Facebook site now has almost 7,500 fans.
- Staff in the Stormwater Program was interviewed by the Caledonia Record regarding the status of the Sheffield Wind project.
- We responded to a series of media inquiries about the state of Vermont's public drinking water infrastructure.

Significant Events/Meetings:

- **LCI Father's Day Fishing Derby:** Agency and Department staff are gearing up to help with the LCI Father's Day Fishing Derby to be held June 17-20. Commissioner Berry and his family will staff the Sportsmen's Cottage weigh-in station in Addison on Saturday and Sunday.
- **Natural Resource Conservation Service (NRCS):** Leonard Jordan, NRCS East Regional Conservationist, visited this week and we showcased the partnerships between NRCS and state agencies relating to agricultural and forestry cost-share practices affecting environmental quality. We convened a meeting at the Green Mountain National Forest offices in Rutland to outline a new initiative for the Lake Champlain Basin as part of NRCS response to President Obama's America's Great Outdoors program.
- **True North Wilderness Project, Fayston:** Staff attended the second DRB public hearing last night in Fayston regarding True North Wilderness' proposed project on the Lathrop tract next to the Phen Basin

Block of Camel's Hump State Park. This project could affect the Department's public access easement which encumbers this property. This project is generating a lot of concern and interest in the community. The Fayston DRB has scheduled a third (probably final) public hearing on this project on July 12.

- **IBM** operates a soil vapor extraction system to pull solvent vapors from the ground where liquid leaks had occurred in the past. The extraction system is ducted through an air scrubber before being exhausted outdoors. As the soil vapor concentrations have decreased, IBM is working with the Waste Management Program to begin operating the system in a "pulse" mode where it is operated for one month and shutdown for one month. IBM will be collecting data to evaluate the effectiveness of the system.
- **Kingdom Community Wind:** Air Division provided comments to Public Service Board through our participating attorney on the blasting plan for the Kingdom Community Wind project in Lowell regarding proposed dust control measures.
- **Montpelier District Heating:** D&S Engineering of Millinocket, ME has been selected to do much of the engineering work for the project and they have contracted with EverGreen Environmental Health & Safety, Inc. in Barton to do the air permitting work for the new biomass boilers. There are still a few financial hurdles before the project can go forward, one being negotiations with State Buildings on the system design and cost sharing. It is important that this project showcase exemplary environmental controls and forest stewardship and we will work with BGS to ensure these are included in project design
- **Brookside MHP located in Starksboro:** Radionuclide contamination issue in drinking water. A meeting was held with Representative Michael Fisher of Addison County and Attorney James Dumont – who represents the tenants - to discuss the water system's progress to remove Radium and Gross Alpha from its three well sources.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

- **Fletcher Allen Health Care University Health Center (Burlington):** A final permit was issued approving a new heating plant to be fired with natural gas and ultra low sulfur diesel fuel as a backup. The recent federal boiler rule will apply but only requires biennial boiler tune ups.
- **Wesco Facility gas leak in Essex Junction - preparing Emergency Order (EO):** DEC has obtained an emergency order re a Wesco Inc. gas station facility located on Pearl Street in Essex Junction. It is currently estimated that +/-2,500 gallons of gasoline has been released at the facility since February. The order requires Wesco to cease operation and remove their underground storage tanks.
- **Dam Inspections:** Section staff have been inspecting dams in the areas hardest hit by the flash flooding. Several dams have been damaged, including the municipal water supply dams for Barre City (Lower Orange Dam) and Saint Johnsbury (Stiles Pond). The municipal owners of these dams have

already retained engineering firms who have evaluated the dams and made recommendations for repairs. Neither of these dams is considered to be unsafe at this time but they are being closely monitored by the owners. Dam Safety will continue to work closely with the owners to insure that repairs can be made as quickly as possible.

- **Johnson State College:** As mentioned in previously reports, Johnson State College lower pond has been drained due to the identification of unstable soils in the downstream embankment. The dam is expected to be reconstructed this summer; however estimates for reconstruction are much higher than anticipated. Dam Safety will be meeting with representatives from the college this week to discuss alternatives.
- **WPL-196; Town of Pittsford:** A loan was approved in the amount of \$22,000 for a preliminary engineering study of water supply alternatives to serve approximately seventy Proctor Water Department customers located within the Towns of Chittenden and Pittsford who are likely to lose water service in the near future.
- **Moretown Landfill:** Last week Moretown Landfill Inc. (MLI) found a leak in the primary tank of their aboveground leachate storage tank (AST). All leachate has been contained in the secondary tank. We will be meeting with the tank installers and consultants to discuss a temporary and permanent fix next Thursday. The permanent fix could take several months as it would involve building a new tank next to the existing tank.
- **Small Business Compliance Assistance Program – MSI:** We continue to coordinate with Wastewater and RCRA on the work at MSI in Morrisville. They will need to get an industrial pre-treatment discharge permit if they decide to discharge their Parkerizing wastewater (instead of evaporating it, as they were doing). The Parkerizing (or phospatizing) operation meets EPA’s categorical standards, even though it is only a 120 gallon/month discharge and must be permitted. Wastewater is trying to minimize the impact to the business, but must work within the EPA guidelines. EAO is working closely with MSI and once they hire an engineer, we will coordinate efforts with them.
- **Waterbury Wastewater Treatment Facility upgrade:** Wastewater Management is working with EPA Region One to schedule a visit to several Massachusetts WWTFs that use a new technology called co-mag for phosphorus reduction. This treatment process has not been used in VT at this time but with the focus on Lake Champlain’s phosphorus loadings it is important to learn more about this treatment process and its potential use by VT’s municipal WWTFs. Representatives from Waterbury Village, the Village’s engineering consultant, WWMD and Facilities Engineering Division plan to take part in this visit which will probably occur next week.
- **VT Egg Farm:** VT Egg Farm’s notice of application for an indirect discharge permit has resulted in a number of questions and comments from the public. The permit application is for approval to dispose of the facility’s egg wash water to a nearby farmer’s manure pit. It is apparent from the questions received as a result of the notice of application that this will be a controversial permit.

Fish and Wildlife

- **Fishing:** Fishing pressure is increasing around the state as the rains slow and the water levels recede. Many Lake Champlain access areas are now usable, although debris obstacles exist.
- **Moose:** Moose continue to be struck and killed on the highways throughout the state. Fortunately there have been no serious injuries to the vehicle occupants.
- **Deer:** Fawns are now being born. Wardens are receiving numerous phone calls from residents concerned about suspected orphaned fawns. After some explanation, people are leaving the fawns alone so the adult doe can return to feed them.
- **Bears:** Bear nuisance complaints are constant around the state. One nuisance bear was shot and killed by a local resident in Bolton. The bear was repeatedly breaking into a chicken coop to eat the chickens. Two separate incidents involving horses and bears were also reported; one in Hancock and one in Stamford. In both instances the horses were injured (deep scratches requiring stitches) during suspected bear attacks while in their pastures. Neither incident was witnessed, but the injuries are consistent with bear attack wounds.

The yearling bear rehabilitated by Dona Norton and released by the Department was killed last night while attempting to gain access to a residence through the front door. The bear returned to the same residence where it had showed up at last week on Coddington Hollow Road in Johnson.

- **Sea Lamprey Control:** The Department is in the process of transferring the Lake Champlain sea lamprey control operational responsibilities from the Department to the U.S. Fish & Wildlife Service (USFWS). This summer, USFWS will be administering pre-treatment notifications and water supply surveys to riparian landowners associated with this fall's planned Poultney/Hubbardton Rivers lampricide treatment.
- **Windsor Integral Sustainability Initiatives (WISI):** Staff participated in a public meeting on the WISI which is a movement to look at the development potential of the Windsor Prison Farm lands. The Windsor Town Manager, as well as the contractors for the project Whole Systems Design, are pushing a single development plan for the property which didn't go over well at the meeting which was attended primarily by hunters and birders looking for an alternative that would involve protecting the natural resources and their uses of the property.

Forest, Parks and Recreation

- **Park Openings:** Water levels in Lake Champlain continue to recede more quickly than earlier expected. Park staff, volunteers, corrections crews and contractors are working diligently to repair damage as the water drops. Kill Kare is expected to be open for this coming weekend to accommodate boat launching for the LCI Fishing Derby. We remain optimistic that the other 5 affected parks will be available for use by June 29.
- **Park Attendance:** Overall park system attendance is down 18% from 2010 due to closures and weather, especially on the weekends. Season pass sales remain strong and pre-season camping reservations remain about 1.4% ahead of last year.

- **Vermont Days** weekend (June 11-12) was about half as successful as last year in terms of attendance due to poor weather.
- **Current Use:** As part of the miscellaneous tax bill last month, the Legislature included a change to Vermont's Use Value Appraisal (Current Use) law. The change requires that the Land Use Change Tax be levied on properties that have certain permits related to development two years after the permits are issued, even if the development itself does not occur. The permits include municipal permits related to development as well as State permits for water supply/wastewater. This change kicked in on May 24, so any properties with existing permits on that date has two years from May 24, 2011 to pay the tax. There are some complex issues related to implementation of this change. FPR has been discussing it with the folks in Property Valuation in the Tax Dept. to give forest landowners the best information we can as we administer the UVA program. We expect this issue to be further clarified in next year's legislative session, and will be one of the topics we visit among our agencies meeting on Current Use.
- **9/11 Memorial:** The Morris Ale Dancers of Marlboro lost two of their members in 9/11, (one on one of the planes and the other who worked at Windows on the World). The group wanted to plant a memorial tree on Newfane Green in honor of their fallen members. Retiring side judge Mary Ann Clarkson and Bill Guenther, Windham County Forester formed a committee and received permission from the county to allow arborist Kevin Shrader to plant a Korean Mountain Ash (*Sorbus alnifolia* on the Green. The Morris Ale dancers held a dedication ceremony for the tree last weekend that included a beautifully engraved metal plaque with the names of their lost dancers. *NOTE of agents?*)
- **Vermont Woodlands Association** presented Windham /Windsor County Forester Sam Schneski with a distinguished service award at their 2011 annual meeting. Sam served many years as a board member and continues to serve as a member of the education committee. He has developed educational posters for the group including a tree identification and fun facts poster, and two invasive plants posters focusing on woody and herbaceous invasive plants found in Vermont.
- **The Harpoon Brewery** in Windsor recently harvested 212 pounds of Norway spruce buds under a Special Use Permit issued by FPR for Downer State Forest in Sharon. The spruce buds were vacuum packed and frozen, awaiting brew day in October. The brewery used volunteers to harvest the buds and then donated \$10.00/pound of buds harvested (\$2120) to a local food shelf.
- **Flood Damage Assessments:** We are still receiving reports on flood damaged roads, but the preliminary estimates for State Forest Highways is close to \$300,000. We are examining the affected areas to prioritize those which cause a threat to safety, further erosion, and operations for first considerations for repair. The popular trail on the rail bed at Groton which is part of the Cross Vermont trail was severely impacted. We do not yet have complete information on other trails.
- **White Pine discoloration along highways:** FPR is fielding calls about the discoloration of white pines along major highways statewide. There are two important causes for needle problems this year. The first, a reddening of needles was most apparent right after snow melt. AOT has been using a liquid de-icer that is more effective than salt crystals. While it works on the road surface better than salt, it also vaporizes and scatters on the wind from vehicle spray, so it can affect conifer needles back from roadways. White pine is very sensitive to these chemicals. While we don't know the long term health effects on individual trees, we do expect these trees to re-foliate. The yellowing of trees further from

roads is related to fungal complex that has been active because of our wet weather (see attachment). Several tree concerns have been noticed related to the wet spring, including a fungus on maple leaves called anthracnose. (See attachment).

- **Telecommunications:**

- **Verizon Wireless** has asked the Department if it would approve a proposed amendment to VZW's Act 250 permit changing their "temporary" equipment shelter at the South Peak site to permanent status. The Department has told Verizon it does not support another permanent building at this site and feels that they should relocate to space within VT Public Television's building at this site as required under their existing Act 250 permit.
- **Okemo Mt. – VELCO** is finalizing project plans and expects to submit their 248(a) pre-filing notice to the Public Service Board by the end of this week for their proposed tower and communications building at Okemo Mt. Staff continue to meeting regularly with VELCO, Okemo, and VTA to finalize project details. One of the next steps will be to hold a public meeting on this proposal in Mt. Holly/Ludlow.
- **Ski Areas:** The Department has reviewed and approved Act 250 applications from Bromley Ski for development of a new gladed ski trail on the mountain, and an Act 250 application from Jay Peak for several ski trail-related improvements and has (or will soon) sign off on these applications.
- **Green Mt. Club:** GMC recently exercised their option to acquire the Smith parcel in Bolton. This parcel is a key component of a proposed reroute of the Long Trail which among other things, involves crossing the Winooski River and a railroad crossing. GMC hopes to purchase this parcel in the near future with the intent to convey the parcel to FPR, subject to a conservation easement and other conditions. GMC is proposing to use Long Trail protection funds appropriated to FPR for this acquisition. The Department is supportive of this, provided GMC obtains an acceptable crossing agreement from the railroad to allow for the trail reroute, along with other miscellaneous conditions.
- **Heath Parcel/Kingdom Community Wind:** Negotiations are continuing on the Heath parcel (addition to Green River Res. State Park and ROW) and a proposed wildlife mitigation related to the Lowell Wind project regarding an adjacent parcel that includes a portion of this same ROW.
- **Brushwood Community Forest project:** We are working with the Trust for Public Land and the Town of West Fairlee to finalize this Forest Legacy project and expect to close on it in late summer or early fall.

Administrative Services

- A review of NRB financials is in the process of being scheduled. NRB's deficit continues to grow.
- An issue involving DII's "cost model" for replacement servers for the Regional Offices is bringing to a head the broader issue of the continuing growth of DII costs and lack of clear protocol for approving/managing costs.

- We hope to quickly finalize all voluntary reduced work schedule requests received by the deadline of 6/15/11 so that employees can be notified and copies of all approvals and denials forwarded to DHR.
- We sorted through many aspects of the NRB move to Waterbury.

Vermont Forest Health

Insect and Disease Observations

Department of Forests, Parks & Recreation
June 2011 vtforest.com

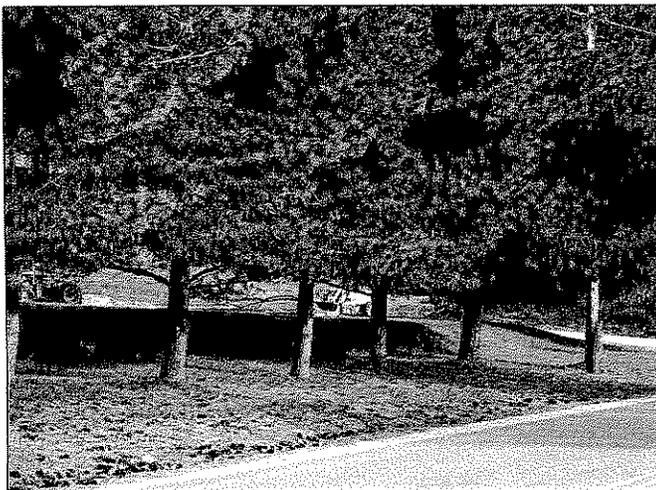
Diseases

Scattered white pines throughout the state are showing symptoms of **white pine needlecast** again this year, although the damage, to date, is not as severe as it was in 2010. This has been common in northern New England and eastern Canada, thanks to wetter-than-normal springs for the past few years.

One-year old needles may be straw-colored to brown, especially on lower branches. When examined closely, the bases of symptomatic needles are usually green, and symptoms vary between needles in a single fascicle. All sizes of trees can be involved, though the tops of larger trees are rarely affected. Symptom severity varies considerably, even between adjacent trees.

A small percentage of the trees that had heavy damage in 2010 have higher than normal mortality of lower branches. Otherwise, current year shoots are growing normally. Although many look thin, and tree growth may be reduced, we don't expect severe impacts on affected pines.

A variety of fungi have been associated with the disease; however, we can't attribute the disease to a single pathogen at this time. Fungi on pine needles collected throughout the region this spring are being identified by the US Forest Service to help narrow down the causal agents involved.



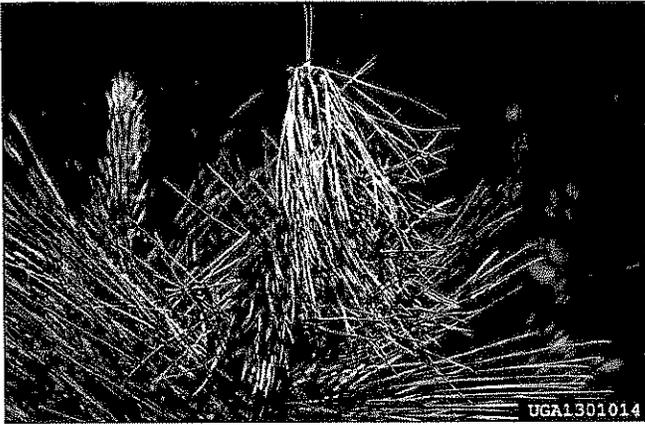
Salt damage to white pines. Photo: R. Kelley

Salt damage to roadside pines made *Seven Days*:
<http://www.7dvt.com/2011/brown-trees-interstate>

Rhizosphaera needlecast is once again abundant on blue and white spruce in many locations.
<http://umaine.edu/ipm/ipddl/publications/5104e/>



Blue spruce with Rhizosphaera. Photo: R. Kelley



Symptoms of Sirococcus shoot blight include this drooping needle syndrome. Photo: J. O'Brien

Sirococcus shoot blight, *Sirococcus conigenus*, was confirmed on red pine samples from Williamstown and Chelsea, as well as a spruce sample from Chelsea.

<http://imfc.cfl.scf.rncan.gc.ca/maladie-disease-eng.asp?gelD=409>

Fir-fern rust is starting to be noticeable now.

<http://www.plantpath.cornell.edu/Trees/Firfern.html>

Anthracnose is widespread throughout Vermont. It won't kill your trees and no treatment is necessary. For more, see http://www.vtfnr.org/protection/documents/VTForestHealthUpdate_Anthrachnose.pdf

Spring rains have prompted the horn-like structures, called telia, to emerge from galls on *Juniperus* hosts in the condition known as **cedar apple rust**.

<http://orchard.uvm.edu/uvmapple/pest/BacktoBasics/Diseases.htm#CedarAppleRust>

Brown rot on stone fruit, caused by fungi that require an extended period of wetness to cause infection, has been reported from some areas. <http://www.uri.edu/ce/factsheets/sheets/stonefruitbrownrot.html>

Insects

Pear thrips counts on yellow sticky traps from the monitoring site at Proctor Maple Research Center in Underhill were very low. Tom Simmons, who monitors the traps, reported that the week from April 21st to April 29th was the only week with what could be called an emergence...nearly 50 thrips per card. Since that week, there were only about 3 thrips per card. For the seven week total for all four cards, there were only 243 thrips and 191 came from that one week. Very minor thrips damage has been observed. <http://www.forestpests.org/vermont/pearthrips.html>

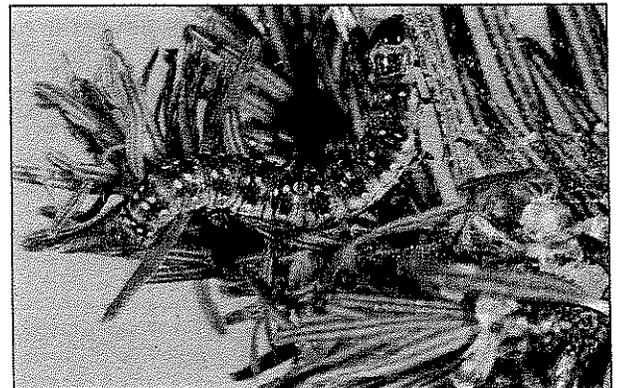
Young gypsy moth caterpillars have been observed at a handful of sites, including on poison ivy leaves in Quechee State Park.. <http://www.forestpests.org/vermont/gypsymoth.html>

There are noticeably few **eastern tent caterpillar** nests. <http://www.forestpests.org/vermont/easterntentcaterpillar.html>

With recent regional increases in **spruce budworm** populations in eastern Canada, we are once again deploying pheromone traps to keep track of the trend in Vermont. As in 2010, spruce budworm traps have been deployed in Orleans, Caledonia, Essex and Chittenden Counties.

<http://imfc.cfl.scf.rncan.gc.ca/insecte-insect-eng.asp?gelD=12018>

Balsam shootboring sawfly damage is more abundant than expected for an odd numbered year, perhaps because the prolonged bud development due to the cool spring extended the egg-laying opportunities for it. <http://www.forestpests.org/vermont/balsamsawfly.html>



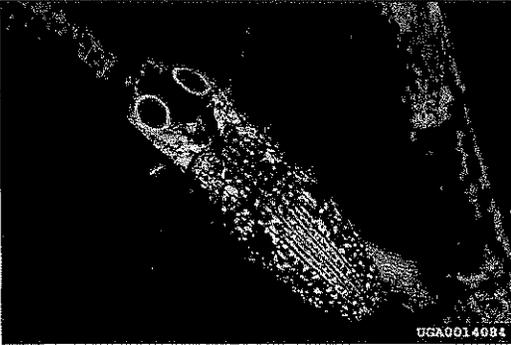
Mature spruce budworm larva on fir twig. Photo: Natural Resources Canada, CFS

Forest tent caterpillars have been observed, but no noticeable damage has been reported. <http://www.forestpests.org/vermont/foresttentcaterpillar.html>

Viburnum leaf beetle larvae have completely defoliating highbush cranberries in some sites. <http://www.entomology.cornell.edu/cals/entomology/extension/idl/upload/Viburnum-Leaf-Beetle.pdf>

In Montpelier, **lily leaf beetle** was observed feeding on tiger lilies on May 11. They were removed and no other troublemakers have been observed at that site since, according to the reporter. Here's hoping you're as lucky!
http://www.umassgreeninfo.org/fact_sheets/defoliators/lily_leaf_beele.html

To learn more about **mosquitoes**, you can listen to *Vermont Edition* with Alan Graham (Ag Agency) and Erica Berl (Health Dept). <http://www.vpr.net/episode/51308/>



Eastern eyed click beetle, with its showy "eyes." Photo: G. J. Lenhard

If you're wondering how some of the "**friendlier insects**" are handling the wet conditions, think "resilience." As Naturalist Bryan Pfeiffer put it, "There's nothing like hundreds or thousands of eggs, powered flight and 400 millions years of evolution by means of natural selection to make even epic floods seem like little more than an inconvenience!"

The odd lot: Every year, we receive a call about one insect or another that is not commonly seen. This spring it's the **eastern eyed click beetle**, observed in flight in Addison County. This is one of the largest of all click beetles and the false eyes can really spook a potential predator. <http://www.hiltonpond.org/ThisWeek010515.html>

Exotic Insects

For those who get calls about possible **Asian longhorned beetles**, white-spotted sawyer beetles are in flight, and are a common suspects. Here are a couple of references for distinguishing lookalikes from the real culprit: http://www.na.fs.fed.us/fhp/alb/pubs/alb_wss/alb_wss.htm; <http://www.uvm.edu/albeetle/identification/index.html>

Purple traps for **emerald ash borer** are everywhere! If you see a trap on the ground, please call the USDA's toll-free number: 1-866-322-4512. The EAB hotline is staffed during regular business hours and a message may be left at any time. Callers are asked to include a name and telephone number. For additional information on EAB, visit www.purpleEABsurvey.info

Photos of Emerald ash borer lookalikes are available on our website at http://www.vtpr.org/protection/documents/VTEABlookalikes_000.pdf.

In addition to the purple trap survey for emerald ash borer that is part of the USDA effort, we will be joining other states in using girdled trap trees to detect emerald ash borer. As the girdled trees become stressed, there is a change in the chemicals given off from the ash foliage, bark or wood. Wavelength of light reflected by leaves also differs between healthy and girdled trees. The beetles detect this and are attracted to the stressed trees. For more information about surveying with girdled trees, see <http://www.emeraldashborer.info/files/handoutforpdf.pdf>.



Hemlock woolly adelgid adult and eggs inside an ovisac.
Photo: M. Montgomery

We are continuing our search for nest sites of *Cerceris fumipennis*, the wasp that provisions its nest with buprestid beetles, including the emerald ash borer if present. Observing the wasps is another tool for tracking down potential emerald ash borer infestations. <http://www.cerceris.info/>. For more information on Vermont's biosurveillance effort, contact the Forest Biology Lab at the number below.

Hemlock woolly adelgid winter mortality was significant, but the survivors have laid eggs and the first crawlers have been observed. Citizen monitors have found a few new areas with the insect but not in any new towns – at least so far! <http://www.vtpr.org/protection/hwaupdate.cfm>

Spring Tree Development

Heavy flowering of sugar, red and silver maples, as well as white ash, birch species, red oak, willow, bitternut hickory, apple, hawthorn, blueberries, grapes and other plants, has been observed throughout the state. Jim Esden reported coming home from surveying for hemlock woolly adelgid covered with hemlock pollen.



Heavy seed on sugar maple.
Photo: L. Lund

Why all the flowers? Various dynamics appear to have aligned this spring to encourage heavy bloom in a variety of tree species. While last year's very late frost wreaked havoc on tree development, spring weather was favorable for trees in 2011. Some trees have natural cycles that prompt them to flower more heavily periodically, and we are likely seeing this for some species. If some trees were delayed in this cycle last year, they may have been triggered to flower more this year. Every so often there may be a year when apparent synchrony of flowering occurs that is basically by chance. Some species tend to follow an alternate year pattern, with an occasional bumper seed crop.

Tapping Survey Results

Vermont led all states in 2011 maple syrup production with 1,140,000 gallons, an increase of 28 percent from 2010 and the highest on record in over sixty years. Of the 212 producers who reported on the 2011 season, 39% started tapping by February 15, including many produces from northern VT counties. 29% started tapping in March. The latest boil reported by county was: Bennington 4/12; Windham 4/15; Orange 4/18; Windsor 4/19; Franklin 4/23; Rutland and Addison 4/24; Caledonia, Essex and Orleans 4/25; Chittenden and Washington 4/27; and Lamoille 4/29. The largest group finished between 4/8 and 4/12. 36% of producers boiled at least 2 months after they started tapping. For more details of the survey, contact Tim Wilmot, UVM Extension Maple Specialist at timothy.wilmot@uvm.edu

Weather

We can't resist including the National Weather Service 2011 precipitation statistics for March, April and May.

2011 Precipitation (inches) vs. Climatology for Burlington, Vermont (since 1883)

Month	2011	Normal	Departure	% of Normal
March	3.39	2.32	+1.07	146%
April	7.88	2.88	+5.00	274%
May	8.67	3.32	+5.35	261%
Meteorological Spring	19.94	8.52	+11.42	234%

Widespread wind damage from multiple events and saturated soils have been reported in many areas. While trees on well drained soils appear vigorous and very healthy, significant dieback is anticipated from all of the lakeshore trees that have been submerged now for 5 or 6 or more weeks.



**For more information,
contact the Forest
Biology Laboratory
at 802-241-3606 or:**

Windsor & Windham Counties.....
Bennington & Rutland Counties.....
Addison, Chittenden, Franklin & Grand Isle Counties.....
Lamoille, Orange & Washington Counties.....
Caledonia, Orleans & Essex Counties.....

Springfield (802) 885-8845
Rutland (802) 786-0060
Essex Junction (802) 879-6565
Barre (802) 476-0170
St. Johnsbury (802) 751-0110

Forest health programs in the Vermont Department of Forests, Parks, and Recreation are supported, in part, by the US Forest Service, State and Private Forestry, and conducted in partnership with the Vermont Agency of Agriculture, Food, and Markets, USDA-APHIS, the University of Vermont, cooperating landowners, resource managers, and citizen volunteers.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: June 17, 2011

Vermont Department of Health (VDH)

Press Releases/Issues/Contacts:

Underage Drinking. VPR Producer Rick Cingeri conducted an interview with Marcia LaPlante, prevention services chief for ADAP, for Thursday's Vermont Edition program. The show focused on why parents should never host a drinking party for minors. LaPlante said the Health Department provides training and grants to "Stop Teen Alcohol Risk Teams," which are partnerships of law enforcement and other community partners who do both enforcement and community education. The teams also coordinate how different law enforcement agencies respond when there are underage drinking parties. They are also available to do something called "proactive patrols". In proactive patrols, they have reason to believe that someone may be in a position where an underage drinking party may be occurring on their property. They provide information to that host as a preventative measure. LaPlante also offered to talk with VPR about why young people drink. There is a group of high school youth around the state, Vermont Teen Leadership Safety Program, who work to educate the community on these issues.

Cause of Death. John Curran, AP, asked for the cause of death for Emily Kassier, age 18, of Berkley, California, who died on June 2nd at Bennington College. The cause of death is pending, according to the Chief Medical Examiner.

What Should We Eat? Health Department staff joined local food merchants and representatives from the Abby Group which manages the district school food service for a panel discussion entitled "What Should We Eat?" broadcasted live by Catamount Access Television (CAT-TV), public access television serving the Bennington area. Discussion centered on how people choose the foods they eat, the local food economy and how to build an environment to support healthy lifestyles.

Department of Mental Health (DMH)

Media Contact:

Commissioner Oliver met with Nancy Remsen of the Burlington Free Press. Nancy is working on an update regarding the replacement of the Vermont State Hospital and the status of recertification. There is no new information. We are working with the Brattleboro Retreat on

developing 16-24 VSH replacement beds and would ideally locate a new facility on the expanded campus of the Central Vermont Medical Center. With respect to recertification, we are expecting Paul Gorman (our new VSH consultant who should be here soon) to assist in assessing VSH's readiness for certification prior to requesting a CMS survey.

Governor's Priority:

The Governor's appearance at the VSH Celebration meant a lot to staff. Commissioner Oliver reports that there were numerous comments about how wonderful it was for the Governor to take the time to appreciate the efforts of staff. One comment was that you often see Governors posing for pictures with staff from Corrections but never with VSH staff. People felt very valued and validated. Thank you!

Department of Disabilities, Aging and Independent Living (DAIL)

Evolving Issues:

Erin Young of American Federation of State, County and Municipal Employees (AFSCME) has been trying to get a list of independent home providers from DAIL. (She started in the Governor's office). It was explained to her that the providers do not work for DAIL (they work directly for the consumer or surrogate) and DAIL does not have such a list. In the spirit of responsiveness, they did run interference for her with ARIS, the fiscal intermediary for these providers, and they agreed to do for her what they do for DAIL when we wish to contact the providers: they will send out a self-addressed stamped envelop for her so these independent providers can contact her if they wish. She responded that other states just send her a list. Commissioner Wehry advised her that ARIS was under no obligation to do so but that she could certainly contact them directly if she wished. Erin has now requested a copy of DAIL's contract with ARIS; DAIL will provide this to her this week.

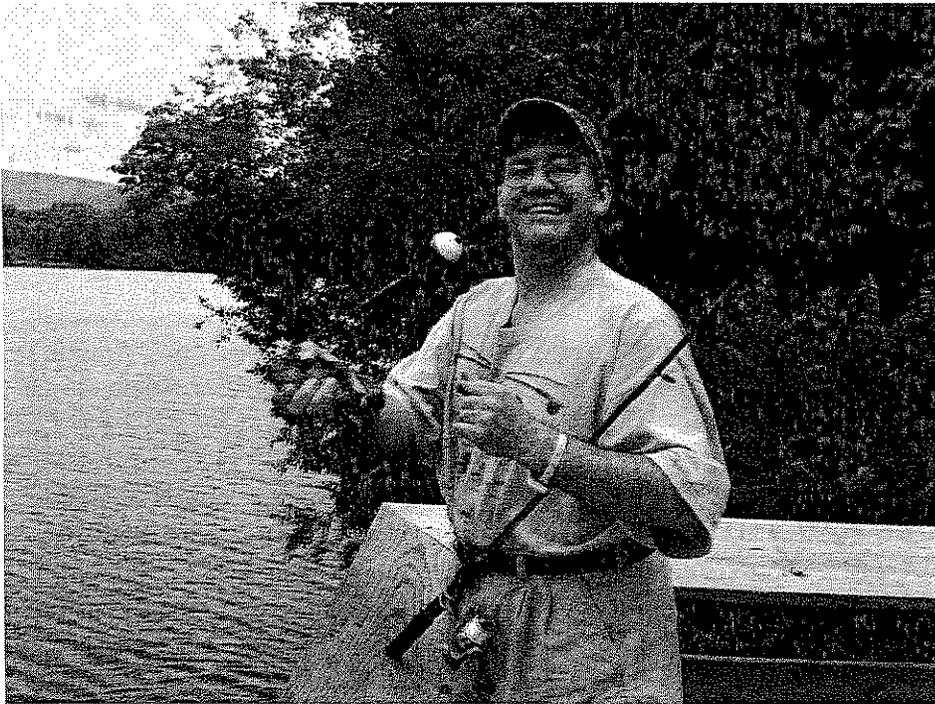
Legislative Contact:

May DAIL's Division of Licensing and Protection (DLP) responded to a call last week from Representative Chip Conquest (Wells River). He was calling on behalf of a constituent who has been working on a proposed Therapeutic Community Residence (TCR) application. Representative Conquest expressed his hope that the application will not need to go through BISHCA's Certificate of Need (CON) process. It is our understanding from BISCHA that this application will indeed have to go through the CON process. In the meantime, DLP is willing to start the licensure application review while the CON review is going on. This had already been explained to the applicant; however, DAIL will follow up with the applicant to reiterate this message. Representative Conquest seemed satisfied with DAIL's process, but appears to still wish that the CON will not be an issue.

Let's go
Leadership Achievement. DAIL was pleased to celebrate the leadership achievement of one of our staff this week: Megan Tierney-Ward successfully completed the AHS Leadership Development Program. Commissioner Wehry attended the graduation ceremony which took place this week. Participation in this program requires a considerable amount of time, energy

and commitment; and Megan clearly gave all three. One of the key purposes of this program is to build the leadership capacity within the Agency of Human Services, in order to ensure that we have qualified individuals ready to take on new leadership roles as part of our on-going succession planning efforts. Megan definitely fits that role. She has been serving as Project Director for the Money Follows the Person grant and has recently received a promotion involving greater supervisory and management responsibilities. (About 15 AHS employees, representing all 6 departments completed this program.)

Success Story: Tim's Gone Fishing. We could not resist sharing the success story and picture below of a person named Tim enjoying some Vermont summer fun and fishing. What is unique about Tim is that he is a person with Huntington's Disease who resides at Crescent Manor Nursing Home in Bennington. He was assisted by Physical Therapy staff at the home; and you'll notice a small perch in his hand. Until the past couple of years, Vermont had very limited capacity to provide services to people with Huntington's Disease and as a result paid for expensive out-of-state care. DAIL worked with Crescent Manor to establish the unit for people with Huntington's Disease and not only have we been able to now provide necessary services at less cost and in the person's home state, but this activity is very consistent with our strong commitment to promoting culture change in Vermont nursing homes to provide truly person-centered services.



Department of Corrections (DOC)

Significant Events/Meetings:

Corrections Oversight Committee Meeting. On Monday, June 13th Commissioner Pallito and Deputy Commissioner Menard attended the COC meeting, much of which focused on the facility move. The DOC presented our recent updates on population trends.

112th Vermont Corrections Academy Graduation. Graduation was held on Thursday, June 16th. Guest speaker was Defender General Matthew Valerio.

Other:

Town of St Johnsbury. We are in the final stages of negotiating an agreement with the Town of St. Johnsbury relative to the addition of twelve (12) beds to the work camp. These beds will consist of three (3) additional bunk beds in each of the living units and will not require capital investments. The agreement requires the State to pay the town an additional \$10,000 per year for "readiness to serve" which brings our total annual payment to \$20,000. In addition, we will be providing the town with at least two days per week of work crew services. We will also be able to have inmates with current convictions of misdemeanor violence at the camp; however, we will be required to notify the town via email if they are on a work crew. The additional beds should be a tool to decrease our dependence on the "out of state" contract.

Offender Ronald Hemingway. On 6/14/11, Vermont State Police were looking for Ronald Hemingway to question him about an allegation that he had assaulted a family member. When they got to the residence, Hemingway reportedly ran out from the house into the nearby woods with a knife. This occurred close to the Berkshire school. VSP locked the school down and continued their search. Hemingway was found nearby and is in custody. Hemingway is a listed offender serving 0 - 26yrs28m and he has been on furlough since 1/11.

Offender Daniel Adams. We have decided the current proposed residence for Daniel Adams is not appropriate. Therefore, we are still in the planning stages of release. Offender Adams is 16 months past his minimum.

Bureau of Justice Assistance (BJA) Will Testify. Michael Thompson of the Council of State Governments Justice Center contacted Commissioner Pallito to notify us that in the next few days an official from BJA will be testifying at a "field hearing" in Delaware before Senator Coons (DE) and Senator Leahy. BJA will highlight VT's accomplishments through its justice reinvestment work. In the draft testimony, they drew from the brief we wrote in 2008, which provides an overview of what happened in VT when policy makers employed a justice reinvestment approach. The brief includes this sentence: State officials developed a plan to reinvest a total of \$3.9 million of the projected savings to support assessment tools to identify people with substance abuse needs prior to release, to expand in-prison substance abuse treatment and vocational training, and to increase funding for a transitional housing program to include housing assistance and life skills training.

Northwest State Correctional Facility Work Crew. The Town of St. Albans Public Works Director and an AOT Supervisor have both expressed appreciation for the good work the crew from NWCF is doing. Both plan to visit work sites this week.

Population. The Departments population has stayed below the 2100 mark for the last week and the female population is moving up and down but staying generally below 150. The incarcerated sentenced females have dwindled below 100. Detention remains stubborn at 330 +/-.

Department for Children and Families (DCF)

Legislative Issues/Contacts:

Proposed Federal Legislation Impacting TANF Cash benefits: Hatch-Baucus S.943 Welfare Integrity Now (WIN) for Children & Families. The proposed Hatch-Baucus legislation would require states to implement policies and practices to prohibit assistance provided under the TANF block grant program from being used in casinos, liquor stores, and adult entertainment venues. If a state did not demonstrate compliance with the new law within two years of its enactment, the state would face a five percent reduction in its TANF block grant.

In practical terms, passage of this bill would mean that states would have to program their Electronic Benefit Transfer (EBT) systems so as to prevent use of EBT cards in restricted venues. This is a significant undertaking, requiring EBT service providers to block specific cash access sites and to constantly monitor and maintain a list of restricted cash access locations. Under state law, California now restricts EBT cash access to liquor stores, casinos, etc. but the system is far from flawless. It's my understanding that both ACS (the EBT vendor in CA) and the state have several staff working full time on this function.

Another important consideration is that many clients who receive Reach Up and other cash benefits in Vermont receive those benefits by direct deposit into their personal bank accounts, which means that there is no way to enforce the same restrictions. This produces an inconsistency between two groups of clients receiving benefits from the same program. It's not clear if the Hatch Baucus legislation intends to require that all TANF benefits be issued in a way that the restrictions could be imposed, meaning that all clients would have to get benefits by EBT, but if that is the case, it would mean significant additional costs to the state in monthly EBT caseload charges.

Finally, with cash benefits, the feds and states inherently have limited capacity to enforce spending restrictions because once the benefits become cash, either from an allowable EBT ATM withdrawal or a withdrawal from a personal deposit account, they can be spent however the client chooses. There is no way for a retailer (or casino) to know that the cash originated from a TANF benefit.

Because of the way EBT systems are programmed, in addition to impacting Vermont's Reach Up caseload, this legislation would impact those elderly and disabled 3SquaresVT clients who get 'cash out' benefits by EBT.

Restricting cash access has been a prevalent topic in states around the country for the past year or so with several state-level pieces of legislation on the table. The Hatch Baucus bill is a bipartisan bill that may well get traction in Congress. It seems important that we be in touch with Vermont's Congressional delegation to be sure they understand the potential impacts of this bill on administration of our programs, including the increased costs of implementing these types of restriction.

Significant Events/Meetings:

DCF Employee Survey. DCF engaged in a department-wide survey in an effort to assess the climate of the organization with a specific focus on employee perceptions of the work environment and employee satisfaction levels. Over 70% of employees participated. Areas of relative strength for DCF include supervision, benefits, employee development, employee engagement, and strategic planning. Areas of concern for DCF include compensation, internal communication, work load, and IT systems and resources.

The DCF Leadership Team will spend time over the next month assessing the results and coordinating a response and action plan. The survey will be repeated annually over the next three years to measure our improvements as a department.

Children's Integrated Services (CIS) Funding. CIS is a prevention and early intervention system of care that provides an array of services to pregnant and postpartum women, their children and their families, with or at risk for, developmental delay, with social-emotional challenges, health challenges, or needing specialized child care. The Child Development Division (CDD) provides over \$10 million each year in contracted funding to community-based organizations and service providers, including designated mental health agencies, parent child centers, home health agencies, and private therapists, to provide these services.

There is inequity in the level and quality of CIS services around the state because of the way funding has been allocated in the past. CDD began using a population based formula to allocate funding in FY11 to try to mitigate some of these regional differences, believing that every Vermont family should be able to receive quality services, regardless of where they live. CDD was also questioned about how it allocates funds to local programs during the 2007 Office of Special Education Programs (OSEP) monitoring visit. OSEP was concerned that CDD was unable to explain how local funding levels were determined, and expects to have a funding formula in place when they return for their next visit in 2013. Because there are no additional funds to add to the CIS budget, the only way CDD can achieve better equity is by increasing funding to chronically underfunded regions, like Rutland, St. Johnsbury, and Newport, and decreasing funding to the remaining regions. Regions that have seen an increase in funding are building capacity to provide quality services to all those who need them. Regions that have seen a decrease in funding are concerned about their ability to continue to provide services.

CDD is committed to ensuring quality services for all Vermont families, and is working with regions on redesigning their service delivery system to provide needed services within current budget realities. This may necessitate some hard decisions locally. The state CIS team is

regularly out in the field, helping regions evaluate their current systems and providing technical assistance on ways to improve efficiencies without negatively impacting quality.

Office of Child Support Recognition. The federal Office of Child Support Enforcement just published preliminary results for federal fiscal year '10. Using the reported data, the rank for each performance indicator was calculated placing OCS in the top 10 in parentage, obligation establishment, percent of current support collected, and percent of cases with payments on arrears. Averaging the rank for all indicators would place OCS 2nd in the country. This is a tremendous accomplishment reflecting hard work and an across the board approach to addressing all aspects of cases.

On a related note, this month the Vermont Council for Quality recognized OCS's ongoing commitment to improvement and excellence by awarding the Department their Commitment Award. Although the award itself is just a symbol, it reflects OCS's continuous dedication to improving the lives of children.

Department of Vermont Health Access (DVHA)

Media Calls:

Independent Pharmacies. Ric Cengeri from VPR spoke with Nancy Hogue, Pharmacy Director, on Monday and asked about what challenges the independent community pharmacies are facing these days, and whether their margins are shrinking. Nancy commented that since she has been in the industry for the last 20 years that she has seen pharmacy reimbursement primarily driven by large Pharmacy Benefit Management companies like Medco and Express Scripts which contract with private insurers like BCBSVT and MVP. Nancy stated that Vermont Medicaid reimburses more generously than most states, and that we value the community pharmacies in Vermont, and that they generally provide better customer service, like most small businesses.

Nancy stated that DVHA has not had to make draconian cuts to reimbursement, but that while the legislature has asked DVHA to make some cuts to balance the budget, we're still ahead of many states. Ric also asked about pharmacy Mail Order, whether Nancy thought it had eroded pharmacies margins. She agreed that Mail Order, especially mandatory mail order or mail order that is highly incentivized through lower member cost-sharing, takes a lot of business away from community pharmacies. DVHA implemented a maintenance drug program through our community pharmacies rather than carve that out to a mail service pharmacy. She also stated that community pharmacies needed to be creative about ways to generate revenue through performing clinical services such as immunizations and diabetes management.

Medicaid Claims Processing. Ann Galloway from VT Digger spoke with Susan Besio regarding DVHA's contract with HP. HP (formerly EDS) has had the contract for the Medicaid claims processing since 1992. The first contract ran from '92 - '03. The current contract began in '04 which was a result of a RFP (competitive bidding process) in 2002.

The current RFP contains several options for the contract timeframe, and the ultimate timeframe for the contract will depend on the vendor responses to the components in the RFP. DVHA had

six vendors submit a letter of intent, four actual proposals, and three of the four were viable (i.e. complete proposals). DVHA expects to announce the selected vendor by the end of the summer. Here is the link to the RFP: <http://www.bgs.state.vt.us/pca/bids/bids.ph>



State of Vermont
Agency of Administration
Office of the Secretary
Pavilion Office Building
109 State Street
Montpelier, VT 05609-0201
www.adm.state.vt.us

[phone] 802-828-3322
[fax] 802-828-3320

Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: May 13, 2011
SUBJECT: Confidential Report to the Governor

DEPARTMENT OF BUILDINGS AND GENERAL RESOURCES

Status of Governor's Priorities:

It is common knowledge that the Montpelier heat district bond vote on June 14th passed (963 YEA 609 NO) partially using a "kick the can" argument that there exist other exit points in the process for the city. Negotiations on the heat purchase agreement now ensue with a presently established August 15th deadline.

Legislative Issues/Contacts:

- Met with SIC and HCI chairs, Sen. Hartwell and Rep. Emmons, at 2 Aiken Ave office regarding the heat district MOU, Building 617 progress, Act 40 of 2011 tasks and assignments, and other legislatively assigned tasks. A July phone call and August face to face meeting is scheduled.
- Meeting with Rep. Jewett at his request on 6/17.

Press/Media Notes:

No contacts to report, except to apologize to Dave Gram, AP, about getting stuck in the 109 State Street elevator.

Significant Events/Meetings:

- Met with Peter Gregory, representing the RPC's, about public participation in the capital budget planning process.
- Met with BGS DFMs. Major challenges encountered by DFMs include: staffing levels and compensation, energy technical support, safety training requirements, and policy support.

- Meeting with LT Governor, State Colleges, and UVM regarding contracting issues, including engaging contractors who use subs, who do not have workers compensation insurance, and do not pay UI assessments.

Evolving Issues:

- The ban on bottled water is producing a strain on BGS's Building-Related Issues Notification Form (BRIN) process due to the number of water related BRINs being filed. We are contemplating a special water quality related BRIN process to handle the increased concerns.
- Staffing levels and the tasks to be accomplished seems to be a recurring theme.

DEPARTMENT OF FINANCE AND MANAGEMENT

Financial Operations:

- The 6 month process to fulfill a public information request to publish on the F&M website, on an on-going basis, expense payments made through the VISION system excluding those payments deemed confidential is now at completion (again). Each time we attempted to publish, one or another department would come back again with more items to exclude. Therefore, we created a form for departments to list all payment items to be excluded (by VISION account, DeptID, and/or fund) and the statutory reference under which the items are to be excluded; the form is then signed by the appointing authority. All new VISION accounts requested will have the confidentiality status assigned at the time the new account is requested. Subsequently, the form will be updated and executed on an annual basis to ensure changes in accounts and statute are taken into consideration. Once the reports are finalized for FY 2010 and quarters 1 – 3 for FY 2011, they will be posted (Monday, June 20th) and quarterly thereafter.
- ERP Expansion Project: the Leadership & Goal Alignment interviews are completed. Paul Yeager from Cherry Road interviewed 50 people across the State and is in the process of compiling and analyzing the data. Paul was very complimentary of the interviewees; very few had to reschedule and all were willing to share the requested information. The resulting assessment will give the Change Management Team a baseline for project awareness and support that will be used to help build the Change Management Strategy. A project website is now available on the Agency of Administration website. Project related Oracle/PeopleSoft training continues. Cherry Road has been impressed with our dedication to getting the right people the training they need.
 - HCM Project Deliverables: This past week Finance received their first three deliverables from Cherry Road including their first high level look at the project plan. They also received the infrastructure assessment and the project standards deliverables.
- Financial Operations staff members have been working on moving as much of the Department of Liquor Control's (DLC) financial reporting from their Sequoia legacy system and into VISION as possible (some of the functions Sequoia provides cannot be done in VISION.) They have had repeat audit findings about the discrepancies between the systems. Although significant progress has been made and the target date for completion has been established as July 1st, there remain several open key decisions for DLC to make concerning the level of detail they want in VISION. Jim will connect with Commissioner Michael Hogan about this to

hasten the decision process along. Any further delay in the decision process jeopardized the completion date.

- VISION performance problems and system issues have stabilized since the May go-live on the National Life Data Center equipment. However, Finance continues to be challenged in the area of development support. Production is supported by something less than 2 developers (because one of the developers is the ERP Tech Staff manager and also a Project Director.) The developers are focused on supporting year-end and the testing of other VISION modification.
- June 16th was to be the day the FY 2012 appropriations would be uploaded from BDS into VISION. The Citrix server on which BDS sits has been down for one week at this point. Only 2 weeks remain before the start of the new fiscal year and if we cannot upload the FY 2012 appropriation no payable or payroll payments can be made after June 30th, since they will not have an authorized appropriation to be paid against. This process involves more than simply uploading a file – there is a reconciliation process that takes several days complete to resolve errors and “bounced appropriations.” This data transfer is critical. A continued delay could also impact the FY 2011 VISION accounting year end closing process. DII is working on the issue although the projected date of resolution is not yet known.

Budget & Management:

- June 16th, Budget Director Matt Riven hosted the second and final installment of the BDS Needs Assessment Workshop, attended by key budget staff from all three branches of Vermont state government. The Coeur Business Group will again be facilitating the discussion intended to isolate the functions that drive the Budget Revision and Review. The results of this and the previous workshop will determine the functional criteria with which the Coeur Group will evaluate and recommend up to three viable software systems to replace the current BDS legacy budget.

DEPARTMENT OF HUMAN RESOURCES

Status of Governor's Priorities:

Green Mountain Care Nominating Committee: The Green Mountain Care Nominating Committee met on June 14, 2011. Commissioner Duffy facilitated the meeting. Liz Bankowski was elected to chair the committee. At the meeting, the committee reviewed drafts of a job description, advertisement and candidate questionnaire and suggested revisions. Commissioner Duffy is making those changes and will send revised drafts to the committee for final approval. Commissioner Duffy hopes to have the documents finalized and posted on DHR's website by the end of the week. DHR will engage in an aggressive advertising campaign to attract qualified applicants. DHR will issue a press release once the documents are finalized.

Prior to the meeting, DHR reviewed the legislation to assess what steps were required, if any, to comply with the Open Public Meetings Act. The legislation states expressly that “all” meetings of the nominating committee are confidential so DHR did not warn the public of the meeting. During the meeting, however, when a reporter appeared, Senator Mullin complained and stated that the reporter should be allowed to stay because the meeting was procedural and would not involve candidate interviews. In his opinion, that initial meeting was an open meeting. The Board decided to let the reporter stay.

Strategic Planning/Retreat: DHR, along with Christine Hetzel from DII, are leading the next steps in the statewide strategic plan initiative. Workshops with agencies and independent departments begin next week and will continue through July. Secretary Spaulding, Deputy Secretary Clasen, Bill Lofy and the strategic planning team are scheduled to meet regularly to assess progress and ensure the completion of a final draft plan to be sent to the Governor in December 2011.

Press/Media Notes:

Republican Party Chair Pat McDonald issued a statement questioning why the first meeting of the Green Mountain Care Board Nominating Committee was not publically noticed. At Sue Allen's request, Commissioner Duffy spoke with Peter Hirschfield and Natalie Patterson to advise them that the law is explicit that these meetings are confidential and are not open to the public. Nonetheless, Commissioner Duffy assured reporters that she would provide as much information as possible about these meetings and the important work it is doing. Commissioner Duffy also spoke with Anne Galloway about the process generally and the work accomplished at the meeting.

Evolving Issues:

Public Records Request: The VSEA has made a sweeping public records request for documents that refer to the agency fee that may be imposed on employees under the collective bargaining agreements. In accordance with the public records act, General Counsel Collier has advised VSEA that DHR will need additional time to respond and has asked the VSEA to narrow its request. DHR has begun efforts to compile the documents, however, because the requests are extensive and the timeframe to respond is extremely tight.

DEPARTMENT OF INFORMATION AND INNOVATION

I-TOP – May 2011 Update:

The I-TOP Program continues to gain speed. Highlights include:

- Completion of Treasury, HCM and FIN server moves to National Life.
- Completion of 8 network assessments in preparation for server virtualization.
- Data collection (for virtualization capacity planner) for Tax, SAS, ACCD, DII, DOE, VDOL, MIL, LIB and LIQ. VM kick off meeting with DPS completed.
- Near completion of data center assessment, one final piece of documentation to sign off.
- Completion of VSMS Active Directory health check and improvements.
- Continued work on the Exchange Consolidation project.
- A wide variety of activities/projects for the Enterprise Architecture team.

The I-TOP May, 2011 Status Report, Milestone Schedule and various other program documentation can be found at the I-TOP website: <http://dii.vermont.gov/itop>

Listed below is the current I-TOP Program Health Check. Overall budget and scope remain healthy. Resource constraints and schedule delays have created increased risk to the success of the I-TOP Program and are being carried in yellow status for the third month in a row. These issues are being actively managed to ensure success.



Reaching new heights
through IT collaboration

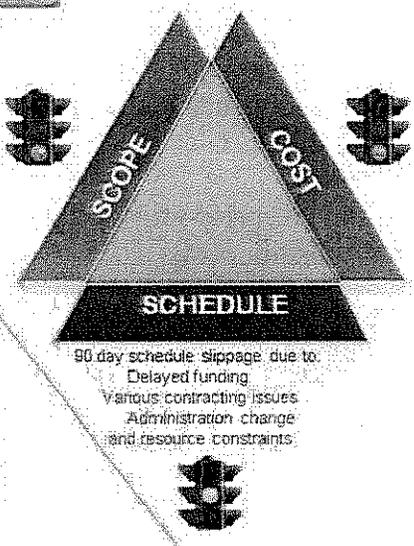
I-TOP Program Health Check May, 2011



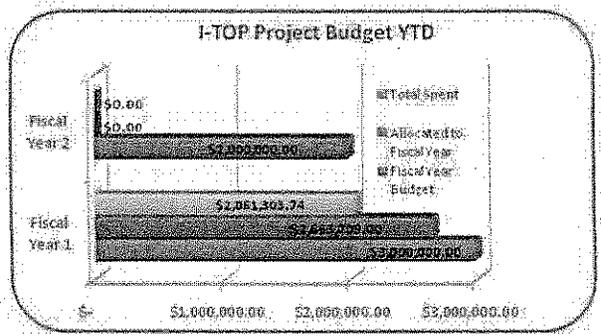
Completed/Cancelled
In Progress
Not Started

I-TOP PROGRAM ACTIVITIES

Data Center Projects	Virtualization Projects	Application Consolidation	Network Assessments	Infrastructure Projects
Data Center Assessment	Capacity Planner Install Tol, SAS, ACCB, BII, DOE, DOL, MIL, LIS, LIQ	Statewide AD Assessment (Cancelled)	VDOL, ANR, RHS, DPS, AOT, LIQ, MIL, BISCHA	Develop Infrastructure Design
Data Center Upgrades	Capacity Planner Install DPS	VSMS AD Assessment		Order Infrastructure
Court Move 133 to NL	Capacity Planner Install, RHS, AGR, ANR, PSE, VA	VSMS Improvements		Build New VM Environment
HCM Move 133 to NL	Capacity Planner Install, AOT, BISCHA, DG, AUD, E911	VSMS Upgrade to 2008		
FIN Move 133 to NL	Identify and Virtualize 50 Servers	Exchange Consolidation RHS		
Treasury Move 133 to NL	Identify and Virtualize 100 Servers	Exchange Consolidation DPS		



This Program Dashboard is meant to provide a snapshot about overall program health. For more detailed information, please visit the program website at <http://dii.vermont.gov/top> or contact the I-TOP Program Director (Christine Hetzel) at 802-828-1143.



Press/Media Notes:

The press release announcing Richard Boes as the new Commissioner for DII and State CIO has been delivered. Ruthann Sullivan and Darwin Thompson will be assisting Richard in his transition for the next few weeks. Ruthann indicated she has enjoyed acting in the Commissioner/CIO role these last 6 months and look forward to assisting Richard in taking the helm at this critical time of increasing and evolving technology requirements within state government.

Significant Events/Meetings:

Web Portal Board meeting has been rescheduled to July 5, 2011 in order to accommodate introducing Richard Boes to the team.

Evolving Issues:

Access to the State Citrix environment which provides access to the Finance BDS application is unavailable due to a failed device as a result of the scheduled National Life Building power maintenance over the weekend. Citrix has shipped a replacement part which should have arrived on Wednesday, 6/15 but as of this report is still not onsite. DII staff is planning on beginning the work to replace the failed device as soon as it arrives and will be working into the weekend.

Access for Finance is critical as Sue Zeller advises the following. "We only have 2 weeks left before July 1st and if we cannot upload the FY 2012 appropriation from BDS into VISION no one will be able to process payments or payroll after June 30. This process is more than just uploading a file – there is a reconciliation process as well and this takes several days for Ruthellen and Aaron to do and to resolve differences and "bounced appropriations. This is critical. We are already behind schedule because of the server issues since last week. If this goes any longer we will also be impacting FinOps schedule to close out FY 2011."

This issue has top priority within DII management and with the Application Support team. As Citrix provides only access to the BDS application, the team is reviewing how the FY2012 data could be uploaded directly to the application server, bypassing Citrix. The team is also reviewing how to reduce the risk associated with outages to the Citrix platform for the future including, but not limited to having this critical component onsite.

DEPARTMENT OF TAXES

Status of Governor's Priorities:

Health Care and Revenue Reform: The Commissioner and Susan Mesner participated in the Health Care Financing Team Meeting. The Tax Dept's unique vantage is placing health care financing in the context of possible proposals for reform of other revenue systems. On that note, the Commissioner met with Steve Klein, and listened to his notion that there was unique opportunity this session to build a more robust income tax structure before full economic recovery. The Commissioner suggested an alternative view is that income tax reform, if tackled at all, is best addressed at the same time as health care.

In any event, new data sets would need to be developed if the legislature wants to continue to examine income tax at the same micro-level of detail as last year (modeling the effects of minor changes in small income bands). The Commissioner suggested that the JFO needed to develop some of its own capacity for such time intensive modeling (perhaps through contract with a consultant such as Deb Brighton or Tom Kavet). Aside from resource demand, that also would keep Tax staff out of the crossfire when reform approaches differ. A conversation to be continued.

Ed Finance Reform Study: The Department will participate in the review of the bids on the RFP next week. JFO anticipates 3 bidders – California academic, Maine quasi-legislative and UVM.

Energy Policy: Steve Klein would like to discuss direction on VY revenue this summer. The Miscellaneous Tax Bill also contains a requirement to study the property valuation of renewable energy plants. The Commissioner has asked staff to prepare a memo to explain how these plants ordinarily would be valued absent other policy considerations, and some of the pros/cons of supporting these plants through taxation. The next step is for higher level policymakers to decide whether and at what level to subsidize plants through valuation and/or rate. As examples of possible approaches, the Department together with DPS just finished an expensive exercise to appraise hydro projects at fmv; on the other hand, several years ago wind plants of a certain scale were simply assigned a property tax rate tied to kwh.

Economic Development: The Tax Commissioner met with an expanded group including the offices of Secretary of State, DOL, ACCD, under the sponsorship of the Deputy Secretary of Administration, to consider with DII a project for a one stop business registration portal. The Commissioner attended the

opening and tour of the Dealer.com expansion, a VEGI claimant, and also, together with Secretary Miller, heard an update from staff working collaboratively to examine the program. Finally, the Commissioner will attend a meeting with South Burlington municipal officials to discuss TIFs.

Tax Operations: Senior staff will hold its retreat next week, and succession planning is one agenda item - in materials prepared for the transition, the Department had highlighted imminent staff turnover due to retirement as a challenge. That turnover is gaining momentum already. This offers the Department a great opportunity to redesign the org chart and individual positions to emphasize new skills, and the Commissioner will be focusing on this with HR. On the other hand, given current structures, the Department seems uniquely challenged to transfer knowledge. As one example, the Commissioner's office this week discovered that two of the email addresses listed on its website and correspondence had been channeled to the inbox of an employee who left eight months ago, and therefore had not been captured in our taxpayer tracking system, and had not been answered. This solves the mystery of why we were receiving complaints about e-mail despite an otherwise robust response system, and will serve as a case study for improvement in many aspects at the retreat.

Memorandum

Vermont Department of Public Service

Privileged and Confidential

To: Hon. Peter Shumlin, Governor & Beth Robinson, Governor's Counsel
From: Elizabeth H. Miller, Commissioner
Subject: Weekly Report
Date: June 17, 2011

Commissioner Report: Energy planning is going well. Alex MacLean has jumped right in; we conducted a Rutland community meeting on Thursday; and had a number of team meetings this week on the plan.

You are aware of the developments related to the Entergy litigation. The preliminary injunction hearing is next week and I plan to attend.

We met with CVPS and Fortis this week to discuss the timeline for review of the change of control petition. CVPS will file on July 1; it has marshaled a number of corporate witnesses at CVPS and Fortis and believes that it will make a clear case that the CVPS and Fortis deal matches the Board's criteria as set forth in the GMP/Gaz Metro case. CVPS did not offer any new deal points in our meeting this week; it expects to work with the Department to develop a plan for the \$21million regulatory assessment consistent with investing that money in a ratepayer-beneficial project or programs that will yield a return. CVPS informed us that it would like approval by year end; the merger agreement contains a 12-month "opt out" if approval has not been achieved and an 18-month cut off. Fortis's CFO and Treasurer attended the meeting this week.

I attended a Northeast International Committee on Energy (NICE) meeting in Boston on Monday in preparation for your trip to Halifax. I will prepare a briefing memo for you and Secretary Spaulding before that trip. There are a number of interesting regional initiatives to pursue. You will likely be presented with a resolution related to energy collaboration at the ~~NEG/ECP~~ meeting in July. As you know, you are incoming NEG/ECP chair, and therefore I'll be chairing NICE next year; we'll have to put some interesting energy issues on the regional radar for our meetings.



I met with Chairman Volz on a number of items of mutual interest, including regional collaboration.

I met with Efficiency Vermont on its budgeting, smart grid and other issues.

I attended IBM's 100th anniversary kick off at the Howard Center. IBM is partnering to conduct efficiency programs at the Howard Center sites, along with Vermont Technical College. It is a great initiative.

I am attending a conference in New Hampshire next week for all utility commissioners and utility executives. CVPS, GMP, Velco, ISO-NE, and others will be in attendance. I will report on any interesting initiatives or developments next week.

Public Advocacy and Consumer Affairs:

CVPS Purchase of Vermont Marble Power Division – Docket 7660 – The Board approved the sale as recommended by the Hearing Officer, concluding that CVPS's acquisition of Vermont Marble Power Division's (VMPD) T&D System Assets and Hydro Facilities will promote the general good of the state as presented in the MOU among the parties. The PSB approval included CVPS's recovery of \$27 million attributed to VMPD's hydro generators, which is significantly above their net book value. The Hearing Officer reasoned that generation assets have a market value outside of a regulated utility structure and Vermont utilities and their ratepayers should not be disadvantaged relative to unregulated entities in terms of their ability to acquire a potentially valuable asset. A majority of the PSB accepted the result but did not endorse this as a general principle, instead limiting the outcome to the facts of this case. Board Member Burke issued a concurring opinion stating that he would endorse the result here as a general principle.

CVPS Purchase of Readsboro Electric Department – Docket 7688 – The Hearing Officer issued a Proposal for Decision (PFD) on June 10, 2011 recommending Board approval of the sale of Readsboro Electric to CVPS and of the parties' Stipulation, except for the provision which would allow CVPS to recover in rates the \$88,000 excess purchase price (acquisition premium) above the net book value of the plant assets. In rejecting this Stipulation provision, the PFD noted the long-standing rule that acquisition premiums are not recoverable, pointing out the lack of any PSB precedents supporting such recovery. The PFD contrasted this sale with CVPS's acquisition of electric assets from Vermont Marble Power Division (Docket 7660) emphasizing that here CVPS is acquiring only franchise assets – those that are essential to the distribution of electricity to the public – and not generation assets that can be owned by anyone. Inclusion of generation assets in the VMPD sale may be the critical factor in its ability to recover the acquisition premium. Comments on the PFD are due to the Board on Wednesday, June 22, 2011.

Appeal of Vermont Yankee License Renewal – No Docket – The Department and the New England Coalition (NEC) are preparing motions for summary dismissal, to be filed by 6/22. In addition, Department will file various documents required by order and court rules by 6/20. DPS case has been consolidated with NEC case. Entergy Nuclear Operations, Inc. and Entergy Nuclear Vermont Yankee, LLC have filed petitions to intervene.

Kingdom Community Wind – Docket 7628 – Motions for Reconsideration were filed by GMP, VELCO, Albany-Craftsbury and the Lowell Mountain Group. Responses to the motions are due by 6/24. DPS plans on responding to VELCO motion, seeking elimination of Condition 42, calling for compensation fund for properties on which noise levels preclude development; DPS intends to support the motion, relying on the concurring opinion of Chairman Volz. Staff is

considering whether to oppose GMP motion seeking to begin construction prior to completion of System Impact Study, perhaps requesting that construction cannot commence at least until draft SIS is submitted.

Vermont Gas Systems—System Expansion Fund - Docket 7712 - The Board, having issued a second Order authorizing the continued existence of the Fund on an interim basis, held a technical hearing on June 14 on the MOU submitted by the parties. (The substance of the MOU is to establish the fund on a permanent basis.) In advance of the hearing, the Board issued a brief memorandum advising the parties that the main focus of the hearing would be to explore the significant departure from traditional rate-making principles embodied in the MOU. In coordination with VGS, the Department prepared for and participated in the hearing. The Board's questions were ably fielded by VGS and the Department. It appeared that the Board was inclined to support the MOU if additional conditions were added, such as increased Board oversight.

Swanton Village Electric—General Terms and Conditions Tariff No. 8220 - Swanton filed a general terms and conditions tariff which contained a provision requiring customers to execute and return repayment agreements. The Consumer Affairs Division feels very strongly that this is an unnecessary burden to place on consumers and that it gives the utility no more protection than it already has under Board rules. Unable to persuade Swanton to delete the provision, the Department and Swanton each briefed its position to the Board. While awaiting the Board's ruling, a second municipal utility –Johnson Electric–filed a tariff with a similar provision. Unwilling to decide the issue based upon the parties' written submissions, the Board held a workshop this week, which was attended by representatives of Swanton and Morrisville (which is fighting for a similar provision) together with the Department. (The Johnson representative was unable to attend.) All three munis are members of, and represented by, VPPSA. The workshop was very contentious, but it is now up to the Board. As the rules neither require nor prohibit execution of these agreements, it is solely a matter of policy, as opposed to interpretation of the rules.

Green Mountain Power Purchase of Electricity from NextEra Energy Seabrook—No docket yet - The Department has initiated some preliminary, informal discovery and continues its review.

Burlington Telecom – Docket 7044 – On June 14 DPS sent a number of informal information requests to the City of Burlington, broadly seeking information about the City's finances. This information will be helpful to DPS with respect to taking a position on Burlington's pending Motion for a Declaratory Ruling, which seeks a declaration that payments from City general funds to further restructuring of BT's debt and BT itself do not violate Condition 60. The information may also be helpful to other agencies interested in various other aspects of the City's finances. DPS requested responses by June 28.

Washington Electric Coop Rate Case – Docket 7691 – The DPS and WEC have reached a settlement in principle, with WEC agreeing to reduce its rate increase by \$370,000. Various issues remain to be worked out, including reformation of the financial relationship between WEC and its subsidiary, Coventry Clean Energy Corp.

EOS Solar Pownal – Docket 7618 – As required by its Certificate of Public Good (CPG) EOS Ventures LLC (EOS) filed a System Impact Study (SIS) completed by the interconnecting utility, CVPS. EOS noted that it disputed certain of CVPS's requirements, but agreed to them in order to commence construction this year. DPS staff's only concern with the SIS was a general one that CVPS appears to be going overboard on requiring renewable generators to fund system improvements as a condition of connecting. DPS is aware of some farm methane projects that have not been built due to the expense of CVPS's interconnection requirements.

Catamount/Bolton Water Rate Case – Docket 7722 – This water company (Bolton) initially sought a 269% rate increase to pay for a new source as mandated by EPA. Following negotiations DPS and Bolton agreed to a two-step increase, beginning with a 170% increase followed (after completion of construction) by a 39% increase. A technical hearing on the settlement is scheduled for June 28.

Vermont Chamber of Commerce's Governmental Affairs Group - The Deputy Commissioner gave a presentation at the Vermont Chamber of Commerce about the state of renewables in Vermont. People seemed surprisingly supportive but with the more expected cautionary tale of keeping rates as low as possible. Information on the Comprehensive Energy Plan was also discussed.

Entergy Site Conceptual Model - The DPS and Department of Health have notified Entergy that we have had a public records request for the site conceptual model (groundwater under the site) and that unless Entergy can convince us that a legitimate exemption exists under the public records law, we will release the site conceptual model to the press as early as 6-17-11.

AARP low income program - Docket 7535 - Comments on the Proposal for Decision are due on 6-17-11. The Department's comments reflect general agreement with the PFD as far as CVPS and GMP are concerned, but we do advocate for continuing to explore a statewide program to possibly save money on a consolidated program and to offer such a program to all low-income Vermonters regardless of what electrical utility they receive service from. The Agency of Human Services also plans to file comments advocating for changes to the program such as a tiered grant depending on income instead of the 25% block reduction to all eligible participants.

Standard Offer Technology Caps - Docket 7533 - The Board issued an order removing the technology caps. The Board determined that "after 20 months, all viable technologies have had sufficient opportunity to develop projects for consideration under the standard-offer program. Therefore, in accordance with the directive to achieve rapid deployment of resources, the technology caps will not be extended. The SPEED facilitator is to accept projects on an alternating basis from photovoltaic and wind waiting lists.

Consumer Affairs

- Call volumes continue to be higher than normal. Beginning with the next weekly report, I plan to change the above graphs to reflect the trends in total calls and investigated complaints, to further demonstrate this unusual trend CAPI has been

experiencing in 2011. To assist in demonstrating what I mean, consider that in 2009, CAPI experienced an unprecedented spike in call volume due to the FairPoint systems cutover. Yet, the current total call volume is almost as high as 2009 and the total number of investigated complaints are even higher than in 2009, and that is without inclusion of the broadbandvt.org contacts. If current trends continue, CAPI will need to make adjustments that will allow the advocate's time to focus on investigations while managing their other projects and assignments. What those adjustments may be has yet to be determined.

- To date the total number of contacts from the broadbandvt.org website to CAPI is 1,088. With the addition of Christine Peterson to the CAPI staff, and her time since June 6th spent almost exclusively on the broadbandvt.org messages, we have been able to enter 314 contacts into our database.
- CAPI staff met with representatives of Comcast as part of the ongoing quarterly meetings held to discuss consumer impacting issues. Comcast is currently required to send out Quality of Service surveys to their customers at least annually and CAPI has received 98 total contacts from consumers as a result of the most recent surveys. The results of the contacts were shared with Comcast, including that an overwhelming majority of respondents unhappy with the ever-increasing price of the service, a lack of programming choices within the packages, and the lack of a discount for senior citizens.
- CAPI continued to research questions pertaining to the Lifeline/Linkup program. The Agency of Human Services Economic Services Division is interested in handling all verification of eligibility for Lifeline/Linkup applicants, but such a change would require legislative approval. Additionally, ESD is hoping to recoup some administrative costs from the USF, and while there are no state restrictions on admin costs being covered by the USF, the research into possible federal restrictions has not been completed.
- Work continues on clean up of content on the DPS website. The discovery of multiple pages with duplicate information has been both frustrating and a time-consuming task to compare data on each of the pages and combine into a single page that is the source for all required links to the information. Allan St. Peter has been assisting in identifying some of the engineering pages that have duplicates and I hope to continue the process enlisting assistance from contacts in other divisions.

Planning and Energy Resources:

Comprehensive Energy Plan:

- Completed \$25,000 RAP contract and sent to them for final review.
- Finalized Synapse contract (to include subcontracts to Optimal Energy and ERG).
- Recent data release and update by EIA is currently being worked into Chapter II of the CEP (Energy Supply & Demand)

- Attended VECAN meeting in Springfield in conjunction with the Windham Regional Planning Commission and the Southern Windsor County Regional Planning Commission to solicit opinions and recommendations for the Comprehensive Energy Plan.
- Attended Biomass Stakeholder meeting (in conjunction with the Biomass Energy Working Group). Solicited comments and recommendations for the Comprehensive Energy Plan from developers and end use users of biomass energy, including thermal and electric generation.
- Helped plan agriculture energy stakeholder meeting; attended meetings of the Biomass Energy work group and Agricultural energy stakeholder group to hear input for the CEP on June 14th.
- Refined next draft of CEP outline based on staff feedback.
- Met with Gaye Symington from High Meadows Fund as follow up to meeting on Energy Efficiency; received input regarding CEP for consideration.
- Coordinated with VNRC regarding upcoming stakeholder meeting in Rutland.

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

- DPS sent a response this week to LCAR's objection to the ICC copyright language in our Residential energy code and notified them of our intention to proceed with the rule. Sarah Hofmann attended their June 16th meeting and summarized DPS's response. LCAR voted to let their objection stand.
- Contacted ICC and are awaiting receipt of promised materials covering the changes in IECC Commercial codes from 2003-2009. This material should be helpful in completing the CBES annotation task.

All Fuels Efficiency Program (funded through RGGI):

- Staff processed two invoices totaling \$197,577 for energy efficiency retrofits on low-income multi-family buildings.

ARRA Funding/Programs:

- Reviewed CCR data to determine if all grantees are currently active and contacted grantees whose dates have expired or will be expiring by 7/31/11.
- Grant Monitoring Plan
 - Finalized Invoice Approval Process Document
 - Reviewed Invoice Approval Checklist (final edits pending)
 - Finalized Davis-Bacon Review Process

Energy Efficiency and Conservation Grant Program (EECBG):

- Processed two CVCAC invoices totaling \$53,446.68 for the All-Fuels Efficiency program. This included costs for skill shops and DIY training as well as energy efficiency retrofits in low-income multi-family units.
- Staff reviewed the Vermont Gap Analysis completed by the Building Codes Assistance Project to develop key objectives for the Vermont Energy Code Compliance RFP.
- Approved/processed invoices for the School Energy Management Program (SEMP) for \$11,200.32

- Paid \$9,550 for energy planning and efficiency work by three Regional Planning Commission grantees.

State Energy Program (SEP):

- Worked on budget category transfers within the RE incentive program that will move approximately \$1M from administration/program delivery to incentives.
- Approved invoice for \$29,948.71 for North Country Hospital PSI project in Newport, VT for extending the existing biomass CHP system to a newly constructed, on-campus clinical office building. Project is approximately 95% complete.
- Prepared Addenda agreement documents for new Loans to Burke Mountain Operating Co., Long Wind Farm, Goddard College and SBE, Inc.
- We paid \$4,938 to VERA (VT Environmental Research Associates) for the continuation of the Vermont Small Wind Energy Production Monitoring Program.
- We paid \$47,150 for energy efficient retrofit projects being done by the state BGS (Buildings and General Services) Department at various sites around the state.

Clean Energy Development Fund:

- Held meeting to discuss transition of CEDF back into the Department.
- Approved/processed invoices for the RE incentive program of \$2,971.66.
- Worked with appointing authorities on new appointments to the CEDF Board.
- Processed \$24,702 invoice for the Camel's Hump School solar PV project.

Energy Efficiency Utility Activities:

- Attended NEEP Summit workshop on Residential Lighting where the preliminary findings of the study were presented for comment to a larger group. The purpose of the Residential Lighting Study is to address issues raised by the introduction of EISA 2007 in 2012, when the phase out of current generation of incandescent lamps begins and its impact upon the lighting market and lighting programs.
 - Attended NEEP subcommittee meeting at the NEEP Summit where appropriate comments received during the workshop were integrated with the NEEP Residential Lighting study to produce a next steps document for the completion of the study.
- Staff held its monthly invoice review meeting with EVT. Invoice was approved.

Demand Resources Plan (DRP) Proceeding:

- Staff continues analysis of draft "Avoided energy supply costs values" to be used in rate and bill impact analysis and analysis of its own and VEIC's budget recommendations. Reply comments will be submitted June 17.

Evaluation:

- Forward Capacity Market Evaluation: Staff participated in its weekly internal and external FCM Evaluation meetings to discuss project status and resolve issues.
- Staff completed work on a stipulated lighting report for a retrofit lighting project in Manchester.

- Preliminary Realization Rates (adjustments to savings based on a review of a sample of projects) for the FCM were issued to EVT for review. Preliminary adjustments are in the range of 16% downward adjustment to summer peak kW submitted to ISO-NE (for commercial custom projects). This is a slight improvement from last year (~18%). These realization rates are high in comparison to annual savings verification for a couple of reasons. First, the FCM has increased focus on peak demand savings since the inception of the FCM – and that focus should begin to manifest in next year’s realization rates. Second, ISO-NE requires the use of some different baselines that result in different savings calculations for ISO than for state purposes. We expect continual improvement from EVT in this area.
- Staff meet to discuss in-sourcing the Benchmarking of Vermont’s Electric Efficiency Programs by DPS evaluation staff. Benchmarking profiles the comparative DSM savings and costs for Vermont programs relative to a group of other similar organizations in the US.
- Business and Residential Sector Market Assessment
 - Staff met with the Department’s technical consultant to refine the scope of work, method, and survey instruments related to evaluating missed opportunities in new construction and remaining potential in existing buildings.
 - Staff monitored phone surveys for the new home owner energy efficiency market and met with consultants from NMR to refine the instrument.

Avoided Energy Supply Costs Study Group:

- Attended meeting for the review of final draft AESC report. The Massachusetts Department of Energy Resources expressed concern about the lack of any inclusion in the gas price forecast of new regulation of shale gas drilling and its effects on the cost of gas that will be delivered to New England and specifically to Massachusetts. The EEAC consultant noted that the Massachusetts Department of Environmental Protection share DOER's concerns. I believe that the work done by Synapse in developing the Natural gas forecast is extremely robust and I do not share the above concern.

Act 250 Review:

In the past two weeks included the review of seven proposed projects:

TOWN: FAYSTON PROJECT: Construction of an 8,500sf support center; a 2,000sf sugar house, a 3,000sf storage garage for ATV's and snow machines; 12 remote camping sites, each consisting of 2 yurt platforms and a composting toilet; and related infrastructure improvements to serve a new wilderness therapy and education program on a 650 acre tract.

TOWN: WILMINGTON PROJECT: Demolishing an existing building and constructing a new building for retail and warehouse space and a laundromat on same footprint, change the access and install a sidewalk.

TOWN: ROYALTON PROJECT: Demolishing existing Fay House and sand/salt storage building and constructing a 5,000sf Fitness Center. A sand/salt shed will be relocated and constructed adjacent to Town of Royalton's Carpenter Recreation Field.

TOWN: MIDDLEBURY PROJECT: Construct a 1000sf residence (Solar Decathlon house).

TOWN: DOVER PROJECT: Construct a 67'x121'x44' tall storage building to house chairs for new 6-pack chairlift; adding bubbles to permitted 6-pack chairlift, and burying a fiber optic line in base area, mid-mountain area and summit area.

TOWN NAME: SOUTH BURLINGTON PROJECT: Pending - Constructing a new 33,275sf building and associated site improvements to accommodate Burlington Aviation Technical Center and Vermont Flight Academy. Also includes constructing approx. 500lf of new access road with 36 parking spaces. A remote parking area will also be provided to accommodate 66 vehicles. Other improvements include construction of 1,400lf of sanitary sewer line; 815lf of water line, and a storm water treatment system.

TOWN NAME: SOUTH BURLINGTON PROJECT: Construct I) private on-site, above ground fueling station; II) replace an existing 8,715sf automotive building with a new 35,032sf automotive service building; and III) construct a new 600sf facade feature on existing sales building and building renovations. This includes associated improvements to the sites parking, circulation, display and storage areas.

Vermont System Planning Committee (VSPC):

- Internal DPS meeting was held to discuss evolving role of the VSPC and VELCO. Issues regarding the type and structure of VSPC sub-committees. And discussion of future role of the DPS in guiding the VSPC mission.
- Attended meeting of the Vermont System Planning Committee (VSPC) on June 15, 2011, to discuss ISO-New England's planning assumptions currently in use for the Vermont/New Hampshire Needs Assessment and other studies.

Fuel Survey:

June Fuel Price Report released. Crude has broken out of the \$100 range and is trading this am @\$95.81. Expect slightly lower prices at the pump over the next week.



Public Service Workshops:

Pursuant to Act 159 Renewable Portfolio Standard attended informal workshop to brief and guide consultant on project to model various Renewable Portfolio Standards for Vermont including the costs and benefits of each model.

Other Items:

- Attend scheduled Biomass Energy Working Group meeting and presented update on Comprehensive Energy Plan. Group discussed methods and process to include results of the Biomass Development Group Report in the CEP although the Group will issue its Report after the CEP is scheduled to be released. The meeting also set aside time for a CEP/Biomass stakeholder meeting. (cited above)
- Report concerning payment for undergrounding utility cable in designated districts - Completed work on final draft incorporating revised outline. Jim Porter is reviewing draft.
- Staff attended an Energy Efficiency Working Group meeting of the New England Governors/Eastern Canadian Premiers Climate Change Steering Committee. Working group discussed how jurisdictions could share information to help alleviate state-line barriers to efficiency (e.g. – the use of different screening tools and tests causing different measures to be available across borders). This group could either be very valuable in terms of sharing information, or fizzle and be a time sink. Staff has volunteered to help lead a discussion on screening methodology for the first working meeting of the group, at the end of this month.
- Continued to participate in PSD/PSB case management system vendor selection.
- Continued work on legislative request to review economics of electric utility consolidation.
- Continued review of Vermont Gas Systems alternative regulation plan renewal.

- Continued review of GMP base rate filing.

Finance and Management:

Significant Events/Meetings:

We attended 1---½ day Case Management Demo this week that was excellent (New Dawn) and selected the finalists-Sustain, New Dawn and HCL. Next steps are (a) to schedule follow-up demos with Sustain and HCL and to check references. I volunteered to check the references of Sustain.

Staff attended the oral argument in the Stowe financing case concerning the improper use of bond funds.

The review of the VPPSA \$27.7 million re-Financing petition has been completed and recommended for approval without a hearing or investigation.

The review of the VPPSA \$3.8 million Highgate converter project financing petition has been completed and recommended for approval without a hearing or investigation.

Staff attended an introductory meeting with CVPS and Fortis officials who discussed how they saw the case proceeding. They anticipate filing their petition in July and would like to close on the deal by the end of the year.

Staff has conducted two interviews with potential employee candidates this week and has narrowed the candidate slate for Erin's replace. Interviews will continue next week and hopefully final decisions can be made the following week on all three positions.

Legal Proceedings:

Docket Activity-State:

Rate Cases and Tariff Filings:

Vermont Gas filed their quarterly purchase gas adjustment last week. Rates will increase over 9% due to the 40% increase in Canadian transmission rates. Our review of this filing is in process.

Okemo Water—this water company has filed for a CPG and the Department has prepared and filed testimony (Susan Martin). We are waiting for a PSB decision. The issue in the case is who should pay for a larger reservoir, the developer or the customers. No new activity to report this week.

GMP Base Rate Filing-- GMP has filed for a 4% rate increase. Our review is in process. No substantive issues have been identified.

Financings:

Vermont Public Power Supply Authority (VPPSA) \$28 million Refinancing-recommendation is complete.

VPPSA Highgate Converter Project Financing---recommendation is complete and no new activity to report this week

Mergers, Acquisitions, Change of Control:

CVPS Sale to Fortis-

CVPS has announced they will be acquired by Fortis of Canada for \$700 million or about \$35 per share. This week we met with CVPS and Fortis officials where next steps were discussed. They plan to file their petition in July and are hoping to close by year end. They were also advised during the meeting that the department will retain consulting services to review the transaction. CVPS acknowledged during the meeting that all CVPS transaction costs would be a below-the-line expense and the Fortis officials stated there would be no impact on rates.

Emerging and Developing Docket/Settlement Activity:

Gross Receipts Tax

No further information to report this week.

An issue has come up regarding the taxability of internet services offered by cable companies. This could evolve into other general questions about the state and federal taxability of various communications services offered by telephone and cable companies. Regarding the Gross Receipts Tax it appears internet service offered by cable companies should be included in revenue when calculating Gross Receipts Taxes. We have found the Board has specifically stated in CPGs issued to Comcast and Charter that internet service is taxable for Gross Receipts Tax purposes. Additionally, we have found that, although internet service has been decreed by the FCC to be an interstate service, such a classification is no bar in assessing sales tax on internet revenue billed in Vermont. We have met with the Telecom Division to discuss the issue. Telecom has argued that internet service is not taxable because it is an interstate service. We concluded that a thorough legal review of the total tax situation for communications services should be undertaken. Telecom agreed to enlist in-house legal counsel to assist in that effort.

Street Lighting Tariffs

The department is currently in the process of reviewing LED street lighting tariff proposals from three companies-Hardwick, CVPS and GMP.

GMP Tariff-We have recommended approval of the GMP tariff, but this week received a copy of questions raised by the Board regarding the "energy only" portion of the tariff. They are questioning the amount of the proposed increase for "energy only". This week we participated

in a conference call between Board staff and GMP to discuss the Board's questions about the proposed energy only rates. The Board staff was satisfied after reviewing how the rate was determined.

CVPS Tariff-We have received a complaint regarding the CVPS proposed rates from the town of Thetford. They think the rates are too high. We will examine their complaint and report more details next week.

Alternative Regulation Plans:

Vermont Gas Systems Alternative Regulation Plan-expires September 30, 2011—

Last week we received a draft proposal to renew their Alt Reg Plan. There has been no activity to report this week. We would like to set up a meeting to review the draft with them next week.

SmartGrid Activity:

CVPS Smart Grid Plan- we provided initial and revised comments to Legal on the latest CVPS filing.

GMP Smart Grid Plan- We contacted GMP staff to request the supporting detail for the opt-out rates they have presented to the Commissioner and learned they will not be available for at least two weeks.

Washington Electric Cooperative (WEC) Smart Grid Construction Plan--No new activity to report this week.

Stowe Electric Department (SED) Smart Grid RFP--No new activity to report this week. Stowe has issued an RFP for a turnkey AMI implementation.

Other:

Preparations are continuing for the Year End Close of the fiscal 2011 budget year. All of the action items are on schedule and progressing as planned.

This week, Megan Ludwig started in the Public Advocacy Division replacing Laura.

We are continuing to work with HR on filling seven open positions.

3 positions in Finance---

Utility Analysts (2)-the updated candidate list has been narrowed to the top four candidates for the two positions. Two interviews have been scheduled for this week with 2 planned for next week.

Financial Analysts- the candidate list has been received and finalists identified.

1 position in Public Advocacy—candidates are being screened.

1 position-Director of Public Advocacy-recruitment is on-going.

1 position-Director of Planning and Energy Efficiency-recruitment is on-going.

1 position-Public Service Engineer/Smart Grid are pending a final decision to proceed and the completion of a job description and reclassification request.

The division continues to work on work assignment and job reporting relationships and reorganization options that will improve efficiency and harmony.

Processed payroll, accounts receivable, accounts payable and substantial Grant activity.

Engineering:

Vermont Yankee Operation: The Vermont Yankee nuclear station continues to operate at 100% power. The plant has operated for 219 consecutive days.

Dry Casks at Vermont Yankee: Vermont Yankee has completed the installation of the seismic restraints for the dry cask loading in the reactor building as instructed by the NRC. Although the seismic restraints are in place, Vermont Yankee was informed on June 14th that they are no longer required by the NRC. For reasons that are not completely understood at this time, the NRC has informed the industry that the seismic restraints are not required as previously ordered to the nuclear industry, and guidance will be forthcoming on this matter in several weeks. The loading of the casks is scheduled to be completed on July 7th after which equipment on the refueling floor for cask loading will be removed in preparation for loading new fuel into the spent fuel pool.

VELCO Engineering Practices: As a result of several incidents that resulted in system failures, VELCO and the Department discussed the need for wide ranging remedial actions in advance of peak summer loading. In response VELCO reported they have proactively standardized on an improved pole configuration and line design that will eliminate problems related to snow and ice unloading. In addition, VELCO acknowledged the importance of communications and committed to improving outreach with parties such as ENVY and NU in order to establish mutual communication and operating protocols on shared facilities thereby avoiding misunderstandings that could lead to system interruptions. Another lesson learned related to a pole fire in Essex caused by a loose ground wire has led VELCO to ask OSMOSE to inspect both up and down a pole during inspections.

VELCO also reported on their extensive multiyear effort to review their internal operating practices and procedures. VELCO will rely on a large team of consultants to review internal practices and offer assessments to incorporate best industry practices. One focus will be improving project management activities to ensure that everyone understands their role and responsibility including a heightened emphasis on quick turnaround of documentation. The Department and VELCO will meet periodically throughout the consultative process to assure weaknesses are addressed in an efficient manner.

Grid Impact of VY Retirement: ISO-NE reported on their latest system analysis and indicated the loss of VY posed system problems for Southern VT, NH, and Central MA. Their study showed the loss of the first 345 kV line into the VT/NH area (N-1) is survivable. However, the loss of a second 345 kV line into the VT/NH area (N-1-1) will cause unacceptable thermal and voltage performance in the region. This loss is severe enough that ISO-NE would have to take

additional protective actions between the two events (N-1 and N-1-1) in order to protect system integrity.

Corrective actions would need to be completed within 30 minutes to be in FERC/NERC compliance. ISO-NE reported the most realistic way to accomplish this given the existing schedule would be load shedding of approximately 150 MW of load. As an interim step, operators will need to be specially trained by April 2012 in appropriate response measures for operating a system without VY in operation.

Telecommunications:

FairPoint Petition for Approval of a Successor Incentive Regulation Plan – Docket 7724 – The Board held a workshop on 6/7/2011. DPS staff is reviewing the submissions that were received in response to our request for proposals for a market analysis and for service quality. The Department is scheduled to file its testimony on 7/29/2011.

Petition for Approval for FairPoint Penalty Payments for Broadband Expansion – Dockets 7725 and 7726 – DPS testimony will be filed on 6/17/2011. The DPS testimony proposes some clarification to the process by which FairPoint will be able to select unserved areas in which to deploy broadband.

Petition of Otelco for the Purchase of Shoreham – Docket No. 7735 – The Board will conduct a workshop on 6/24/2011. A public hearing is scheduled for 7/24/11.

Telecom Plan – Staff is editing the Telecom Plan to incorporate comments provided by ConnectVT, and to format the text to fit in the InDesign desktop publishing program. The Telecom Plan should be completed and ready for publication by no later than 6/23/2011.

Broadbandvt.org – The website continues to be popular with the public. The last weekly set of metrics show that more than 37% of the visitors are new visitors and that more than 54% of these visitors are coming directly to the site rather than through referrals or search engines. This indicates that the efforts to “get the word out” on the address continues to be effective.

FCC Monitoring – The FCC has set 11/09/2011 at 2:00 pm for a complete top to bottom test of the Emergency Alert System (EAS). This is the first time that a complete test has been conducted on a nationwide basis. Working with the National Weather Service (NWS) and FEMA, the test is hoped to prove that the EAS system works as designed. Broadcasters, satellite radio and television service providers, cable television and wire line video providers, are all required to participate.

Confidential and Privileged

To: Honorable Governor Peter Shumlin
From: Annie Noonan, VDOL Commissioner
Re: Weekly Report, week ending June 17, 2011

VDOL Budget/General:

VDOL staff from Workforce Development and WDC spent most of the past week reviewing the WIA Reauthorization Bill from the Feds. I will forward that analysis. We have not had great success in coaxing WD staff to apply for the UI Division openings, so the next strategy from WDD is to begin talking directly with staff members who may be impacted in any funding reductions (which will soon be upon us). The Voluntary Reduced Workweek requests that we received and approved will result in savings of approximately \$26,000 in salary costs.

Unemployment Division:

Continued good news: UI Trust Fund borrowing information remains unchanged at \$77,731,860.63.

As you know, we "triggered off" Tier 3 Extended UI benefits, for any new claim after June 18th.

Unemployment Rate in Vermont had a slight increase of one-tenth of a percent, primarily due to the loss of leisure and hospitality jobs. LMI Director Mat Barewicz believes that this is due to higher-than-normal hiring rate at the beginning of the ski season; and they are now "shedding" those jobs.

As you know, I raised the issue of requiring UI claimants who are laid-off, but have a recall date longer than 10 weeks out, to perform job search. The issue would address some of the concerns about negative balance employers, but may also be argued against by the ski industry. I have more information, facts-and-figures, on the issue coming to you from UI Director Tracy Phillips. Some of the ways that the system is being utilized (one could say abused) are pretty startling.

I am meeting with Michael Sirotkin today at his request, as a follow up to the meeting last week on misclassification. I am scheduled for July 6th as a follow up with Reps Scheuermann and Conquest and business owners on the same issue.

We attended a meeting at Lt. Governor Phil Scott's request, held with UVM and State Colleges. The Lt. Governor was asking UVM and State Colleges why he was hearing that Vermont contractors were not able to successfully bid on construction projects, and he wanted a brief overview of WC and UI issues and costs. One of the suggestions that VDOL made was to require out-of-state contractors and sub-contractors to register with the Secretary of State, as this would make it monumentally easier for the VDOL and Tax Dept to find and track down companies and their principals when they are not in compliance with our laws and owe money to workers, insurance companies or the State of Vermont. UI will be part of the Business Portal Project.

Worker's Comp & Safety Division:

Business Process Improvement in WC progress continues, and really drilling down into deep-rooted systems issues. WC could really use some GF money for automation. WC will be part of the Business Portal project. VOSHA Director is working on the Vermont State Plan Grant, due June 20th. I was just alerted to the fact that our VOSHA compliance review may face some criticism from the Feds, so I have scheduled a meeting with the division managers and supervisors to get more info and devise a plan of remediation. We are looking to move the Burlington VOSHA staff out of their Kimball Avenue space to the VDOL space downtown Burlington which will save us rental costs.

Workforce Development Division:

Work continues with the overhaul the VDOL veterans' program staff work - and it's more of a hornet's nest that I stated last week. In fact, despite advising the WDD Director not to renew the contract for the Veterans staff person working out of Washington DC, she apparently did so anyway,

which I am addressing, but we may now be stuck with the issue until the end of the calendar year, (although I am examining the contract). VDOL Regional offices also need significant attention as it has become more obvious to me that WDD lacks consistency in operations, budget or performance expectations from office to office. I met with Regional Office managers last week, and will be spending time in the field starting this month. I requested a full revision to the Grant Awards process and criteria, including baseline/standard objectives and clear measurements. There was a meeting this week, with some progress made, but much more needed. Pat Moulton Powden and I met with VDOL WDD staff to discuss standards that we can expect across state agency and department grants. VDOL drafted a letter in support of the new legislation on regional workforce development money, which I edited last night and is ready to go. Chip Evans and I been successfully working on filling the vacancies on the Workforce Development Council, in collaboration with Susan Spaulding.

Business Closings, Layoffs, Hiring, Other Notes:

Upper Valley: Thermadyne, West Lebanon: We are trying to get info on number of Vermonters impacted by the plant move.

Barre: VDOL Office continuing work with officials to help dislocated workers from the floods.

Burlington: Outdoor Exchange in downtown advises they may hire 10 new employees. Burlington Telecom has apparently asked about a grant to send 16 employees to customer service training and possibly use the Career Ready Certificate Program. Dealer.com has asked about another WETF grant. Statewide: DHR has asked VDOL staff member Ann Carnell about having VDOL assist with recruitment of state positions, and using Vermont Job Link.

On July 20, the Vermont HR Association will meet and VDOL will present info on CRC, WorkKeys, OJT and WETF programs.

Other Notes:

VDOL Strategic Planning meeting is this coming Monday. I have been talking with Rose Gowdey in advance.

Employment Security Board proposed rules have been sent to LCAR. This is a project that had been on the back-burner for years when I got here, and it impacts a lot of issues (debarment, misclassification, and the ability to draw down some significant federal money to UI). I involved key stakeholders who had been requesting to be at the table, so I am relatively confident that the rules will be supported.

Auditor Tom Salmon has asked to meet with me next week. I have no idea what's on the agenda.

Health Care Reform: I am working with both our Workforce Development Division and Worker Comp Division to come up with our strategy for the research and analysis of our parts of the bill.

I am setting up some of the legislative study work that has been assigned to VDOL. We've made good progress on the revision of WDC, the regional workforce money, the Internship program.