

From: Miller, Elizabeth [Elizabeth.Miller@state.vt.us]
Sent: Sunday, September 15, 2013 2:41 PM
To: GPS; Allen, Susan; Porter, Louis; Richards, Alyson; London, Sarah
Subject: Weekly Reports - Executive Privilege 09 13 13.pdf
Attachments: Weekly Reports - Executive Privilege 09 13 13.pdf; ATT00001.txt

Here are highlights.

Also Val Stuart reported that Hick mentioned VT support on CNN; nice job getting that going so quickly.
Liz

WEEKLY REPORTS

Checklist
9/13/2013

Elizabeth Miller/Aly Richards

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

Louis Porter

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

Sue Allen/Leigh Appleby

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

Sarah London/Carolyn Wesley

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

Susan Spaulding

- Boards and Commissions **(no report this week)**
- ✓ Department of Liquor Control

Memorandum

To: Honorable Governor Peter Shumlin

From: Commissioner Annie Noonan

Re: Weekly Report – Weeks Ending September 13, 2013

Most Current: VY: The three-state collaborative conferenced again this week, this time including IBEW Local 300 Jeff Wimette and George Clain. Interesting data included: (a) the Trust Fund jointly operated by VY and IBEW, normally used for local charitable contributions, will be solely directed to assist displaced members; (b) payroll and HR functions at VY, with minor exception, are already moved out; (c) VY's training center off exit 3 is likely to displace staff (~30) sooner than the main plant displacements; (d) VY has announced retention packages for non-union staff, and IBEW and the security guards (numbering about 120) union are asking to negotiate retention packages, not just severance; (e) at a membership meeting last week, Jeff W. informed the employees of the 3-state collaborative and said that news was 'extremely well-received by rank-and-file'; (f) a huge concern of IBEW is that they may start replacing union staff with contractors – and apparently IBEW does not know if their contract language is strong enough to challenge any such move (their contract ends 7/15), and that there are approximately 400 union, 200 non-union employees at the plant; (g) they stated that the actual dry cask work will not be done by existing VY employees, but that 1/3 of the existing workforce could be employed for up to 5 years after Nov '14; (h) VY has a report due in 30-40 days in which the exact occupational breakdown must be cited. The 3-states' staff are meeting 9/23/13 to discuss RR and the NEG application. IBEW also asked if 'regular contractors' with VY, that are IBEW-Electricians, who may suffer long periods without work, but are not direct VY "employees", can qualify for RR services. VDOL is posing that question to USDOL.

Dynapower: VDOL did 2 days of RR with the employees, set up by the company, but it was an abbreviated session due to the timeframe allotted by Dynapower. We will be hosting "general" RR sessions in Burlington and St. Albans in the next few weeks.

IBM: Their antics with hiring for 'employees with post-2010 graduation dates' is likely going to land them in an investigation with the EEOC from what I have been told. Rumors of an October layoff continue. If that information is shared with 5th floor, I would appreciate being looped in.

Sodexo: Response to Senator Baruth from VDOL essentially said no violation of law by reducing hours, dropping benefits; possible violation if threatened employees with retaliation for complaining.

Energizer: 73 employees are still employed; VDOL onsite twice a week helping displaced workers.

Vermont Brick: 20 employees in Highgate – indefinite layoff, but not plant closure. They have been employing between 35 to 6 employees at varying levels, off and on, between July 2012 and today.

VDOL Job Fairs: We have upcoming job fairs in Rutland, Bennington, Burlington and Brattleboro.

Veterans: We were informed that our federal liaison for our Veterans Program, Rick Gray, is retiring at the end of the month. This may open up a much more productive communication and work relationship with VDOL and the Feds. It also likely resolves the pending harassment complaints against him from one of VDOL's female Vet Reps.

Unemployment Comp & Wage: We are working on setting up the SEA program and send out letters to eligible participants (UI claimants on EUC with 13+ weeks minimum, remaining).

Claims Center Stats: UI claims are down. For the week ending 09/07/13 we took 1913 calls. This is a decrease of 178 calls from the week ending 08/31/13. We processed 330 initial and 351 additional claims. This is an increase of 11 initial claims and an increase of 41 Add claims from the week ending 08/31/13. 1 claimant exhausted all tiers of benefits with the week ending 09/07/13 compared to 2 claimants who exhausted all tiers of benefits during the week ending 08/31/13. No claimants exhausted Tier 1 benefits with the week ending 09/07/13. We paid 4,257 claimants during the week ending 9/07/13 compared to 4,957 for the week ending 08/31/13.

Workers Comp: I met with private VR Counselors this week who presented me with proposed performance standards, which were well-researched and drafted.

Other Meetings of note this week: NEK Workforce Development conference call; USDOL monthly phone conference; S.155 Workgroup meeting; VLITE grant planning meeting. WETF grant meetings.



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

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: September 13, 2013
Re: Weekly Report

Susan L. Donegan

Insurance Division:

Commissioner Susan Donegan and Crosby Sherman, deputy commissioner of the Insurance Division, attended the Vermont Insurance Agents Association annual meeting today in Burlington. The commissioner presented her annual report on the status of the Vermont insurance market.

On Wednesday, Donegan and Sherman attended the Vermont Chapter of the Chartered Property Casualty Underwriters Society's quarterly meeting in Montpelier. The commissioner again spoke about issues in the insurance market.

It was announced this week that Stonebridge Life Insurance Co. has agreed to pay \$11.2 million to insurance regulators as part of a multi-state settlement to reform the company's use of the Social Security Death Master File database. Vermont was one of the lead states in the investigation and therefore will receive a portion of the money (amount to be determined) from that settlement. Life insurers have traditionally used the Social Security Death Master File database to find and stop payments to annuity holders who have died but have failed to use the database to identify their own deceased policyholders whose beneficiaries are owed life insurance proceeds. Stonebridge Life Insurance Co. is domiciled in Vermont; its parent company, Aegon, is a Dutch insurance holding company.

Captive Division:

The Captive Division is targeting early October to license the 1,000th captive insurer. The commissioner has contacted Liz Miller and Lawrence Miller to coordinate the announcement of this milestone with the governor's schedule.





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**CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM**

TO: Governor Shumlin
FROM: Armando Vilaseca, Secretary
SUBJECT: Agency of Education (AOE)
DATE: September 13, 2013

College Board College Readiness Summit: Thursday I attended this summit that focused on the challenges facing our students and educators and how the College Board can best support us in our work, background and principles for the redesigned SAT, and an exchange of ideas and best practices from across the New England and Middle States Regions. Participants included David Coleman, President and CEO, The College Board, Delaware Secretary of Education Mark Murphy, State University of New York Chancellor Nancy Zimpher, Massachusetts Commissioner of Elementary and Secondary Education Mitchell Chester, and other Chief State School Officers and State Higher Education Executive Officers.

Smarter Balanced: At this week's Collaboration Conference in LA, attended by myself and several other AOE staff, the SBAC governing states adopted a Usability, Accessibility and Accommodations policy. The final, updated version will be available soon. In addition, consensus was reached that states would retain control of student level data and that this would become a guiding principle as SBAC develops a privacy policy for consideration.

Deputy Commissioner's Office

- **College and Career Readiness:** Achieve, Inc. is a bipartisan, non-profit organization that helps states raise academic standards, improve assessments, and strengthen accountability to prepare all young people for postsecondary education, work, and citizenship. Deputy Fischer recently applied to partner with Achieve in an effort to support Vermont on advancing competency-based pathways (CBP). Based on Vermont's commitment and capacity to carry out policy and implementation changes designed to further CBP toward college and career readiness for all students, we were chosen. We will be partnering with Achieve through June 2015 and they will be providing targeted assistance to further this important work that is already in progress.
- **Vermont Superintendents Association (VSA):** Yesterday, Deputy Fischer gave a presentation for the VSA all members meeting. The topics included flexible pathways, ESEA reauthorization, Common Core and Smarter Balanced, etc.

Media: On Monday, the Pew Charitable Trust/Stateline picked up the story on free breakfast and lunch for Vermont students. You can view the article here: <http://www.pewstates.org/projects/stateline/headlines/vermont-first-state-to-offer-free-breakfast-and-lunch-to-students-85899503679> .

Teacher of the Year (TOY): TOY classroom visits have been set for 9/30, 10/2, and 10/3. The TOY announcement will be made on October 15 at the monthly meeting of the State Board of Education. More information can be found here: <http://education.vermont.gov/new/html/dept/awards/toy.html>

Education – Join the Conversation: This month's roundtable discussion will be recorded next week and will focus on Smarter Balanced assessments and the Common Core State Standards (CCSS). Participants include myself; Michael Hock, AOE Director of Assessment; Ellen Thompson, Essex Town SD Curriculum Coordinator & 1993 VT-TOY; and Julie Longchamp, Professional Programs Director, VT-NEA.

America's Best Teachers: Jay Hoffman, 2013 Vermont Teacher of the Year, will be featured in the book *American Teacher, Heroes in the Classroom* which is going to be released in October. [*American Teacher*](#) shines a spotlight on one of the most underappreciated, yet critically important professions in the world. Jay has also been highlighted on America's Best Teachers website: <http://bit.ly/18IFgze>. Jay will be hosting a book signing in October.



CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Greg Smith, Executive Director, VT Lottery
Date: Sept 13, 2013
Re: Weekly Report

Status of Governor's Priorities:

n/a

Legislative Issues/Contacts:

n/a

Press Issues/Releases/Contacts:

I was on a show call Insight with a local Rutland TV station, PEGTV, yesterday talking about the Lottery. The commission supported this and it seemed to go well. Pretty general questions and no concerns from me about the subject matter.

Significant Events/Meetings:

n/a

Evolving Issues:

The long serving director of VCPG (problem gambling), Joy Mitchell, is soon to step down. She has been looking for a replacement. The budget bill has instructions in it for the lottery and AHS to review the idea of VCPG tasks being done in-house by state employees. My personal opinion is that the majority of the grant we fund is for one person's compensation. She plays a large role on a national level which is great if we want to pay for the conferences and travel. I have a contact at AHS to work with on this review and expect to start soon.

Summary of Key Agency Department Activity:

We are soon to fill two openings we have had for 2 and 4 months. NASPL conference in RI starts on Oct 1 and two commissioners are going with me. We are getting ahead in our game, gaming system and marketing planning which makes our current work load heavier but will provide some relief later this year.

Executive Director's Commentary:

I will be testing the new bar game consoles next week and then will invite Aly and anyone else to try them. We had a \$1M Powerball winner in Lyndonville late last week. Great couple who made some very thoughtful decisions and walked out the door with a big check. I will give you some more input on the VCPG matter next week in-person or by phone.

OFFICE OF THE SECRETARY
Phone: (802) 828-2657
Fax: (802) 828-3522

Executive Privilege

TO: Governor Peter Shumlin

FROM: Secretary Brian R. Searles

DATE: Friday, September 13, 2013

SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Districts Busy Last Two Nights

Nearly every maintenance district was involved in heavy response to overnight storms on the 11th and 12th. Work is ongoing to clean up the mess from rain and winds that resulted in the following closures and lane restrictions across the state: Rt. 313, Arlington; Rt. 7A, Arlington to Manchester; Rt. 11, Manchester; Rt. 30, Manchester; Rt. 100/11 intersection, Londonderry; Rt. 30, Dorset; I-89 near Exit 7, Barre; Rt. 114, Newark; Rt. 14, Sharon; Rt. 5, Fairlee; Rt. 67A, Bennington; and Rt. 302, Groton.

Most closures were related to trees and/or power lines down in the roadway.

Amtrak Negotiations Lurching Along

What should have been an easier process has been hampered by mixed messaging from Amtrak brass. While Amtrak President Joe Boardman has been assuring folks at my level that there will be no cessation of service, his staff has been calling rail staff in several states, including Vermont, and advising that advanced warning of service cutbacks are going out to Unions.

Concurrently, AASHTO has been urging states and Amtrak to get the deals done before there is disruption to the transportation system. The idea of running a "national" passenger rail service based on individual negotiations with states is proving to be as ludicrous in practice as it is in theory. However, that's how we are doing it. We should have our agreement done in the next week or so.

FHWA Annual Redistribution

FHWA Administrator Victor Mendez has notified us that we will be the recipient of more than \$11 million in funding from the annual redistribution of highway funds that other states were not able to spend. This is more than anyone here can remember and is the

second highest amount awarded in New England behind only Massachusetts. This award provides a stark contrast to the potential we faced going into the last legislative session of returning \$56 million to the FHWA for redistribution due to lack of match. We must obligate this new money by September 26, which will not be a problem.

NOTES FOR STAFF

Weathersfield Culvert Lining Incident

At about 7:00 PM Wednesday evening, a citizen reported that there were 50 gallon drums marked "Hazardous" in the brook bed and that the brook bed was filled with fiberglass. This is the site of a culvert lining project being built by Pike Industries on Rt. 106. There was an immediate response by the Fire Chiefs of Weathersfield and Ascutney, along with Pike, ANR, EPA and the VTrans Environmental Unit. Preliminary indications are that the drums were empty of their previous contents, Styrene. It appears that a sub-contractor did not remove the barrels upon clearing the site the night before. The investigation of this incident continues but it does appear that no contamination occurred.

DMV Grounds Truck With Load of Food

In another case of DMV truck inspectors performing important functions about which the public is not necessarily aware, a refrigerated truck was inspected on I-91 with food bound for Vermont restaurants. The refrigeration unit was not operating properly and Inspector Jason O'Brian called for a Food Sanitarian from the Vermont Department of Health. The 600 lbs. of food were found to be unsafe for human consumption and were seized in order to be disposed of properly.

Deputy Secretary Meets With Staff

Sue is continuing her effort to meet with staff, in small groups, in order to meet the workforce face to face, and get feedback on their work along with a better understanding of challenges and opportunities for improvement. This week it was with the Rail and Aviation sections, which are areas that were essentially ignored in the previous Administration, but are now making great strides with a new energy and excitement. The Governor is well aware, after last week's TIGER grant award, about the progress in Rail, particularly in the Western Corridor.

The Aviation team is achieving efficiencies through innovation and growing a state asset that is already creating jobs and economic development opportunity. They have forged a new relationship with the FAA that has resulted in several successful grant applications, the most recent being for \$3.6 million in Stowe-Morrisville to go with the investments in Newport and Middlebury that I reported last week. We may want to talk about airports, generally, to the press at some point and wondered if the Governor would like to do something in Rutland.

Sue

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

Fatal Crashes **September 3 – September 9, 2013:**

9/9/13: Cavendish. Two-vehicle crash involving a TT Unit & SUV. SUV driver fatality, no seatbelt worn.

**Fatal crash on 7/31/13 has been removed from the count. The driver died as a result of a heart arrhythmia and not a result of the crash.

2013 Fatalities: **46 Total - 32** vehicle operators (1 snowmobile, 6 motorcycle, 2 ATV), **12** passengers (1 motorcycle & 1 ATV), and **2** pedestrians.

Year	As of September 9 in each calendar year:	
	Fatalities (people)	Fatal Crashes
2013	46	42
2012	58	52
2011	33	30

--**2013** Fatal Crash data received to-date (**September 9, 2013**):

- 4** double fatality fatal crashes.
- 0** triple fatality fatal crash.
- 19** fatalities (persons): unbelted (14), not wearing helmet/DOT helmet (5), or improperly restrained (0).
- 7** operators suspected as driving under the influence of alcohol only.
- 3** operators suspected as driving under the influence of drugs only.
- 4** operators suspected as driving under the influence of both alcohol & drugs
- 7** operators suspected to be speeding.
- 1** operator(s) under suspended license.
- 0** person operating without a license.
- 15** "Older Drivers" involved (Older Driver is defined as any person age 65 or older.)
- 4** Junior License operators involved in fatal crashes.
- 8** Crashes involving a Large Truck/Bus

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: September 13, 2013

Vermont Department of Health (VDH)

Meeting with Prevention Works:

Deputy Commissioner Cimaglio and I attended a meeting this week with Prevention Works, a community prevention organization, along with Sen. Kitchel and Rep. Lenes. This group asked for the meeting to discuss the importance of focusing on community-based prevention as we go forward with health care reform. Many of the broader population changes that we want to support involve changing community standards and policies. Prevention Works' community partners have been involved in VDH's Healthy Retailers Initiative, helping local convenience stores learn how to market more healthful products and decrease counter space for unhealthy products.

tell Robin

Prevention Works asked about the SIM grant and whether there was any opportunity for community prevention coalitions to be involved in the funding. The group feels that most of the Blueprint effort focuses on patient issues, rather than strengthening the community in a more holistic way. They would welcome more focus on the community aspects of health care reform.

Eastern Equine Encephalitis (EEE) Summary:

- Mosquito collections began on June 17th with testing beginning the following week.
- 948 mosquito pools have been tested.
- Mosquito surveillance has been concentrated in Addison and Rutland Counties with limited trapping done in Franklin and Chittenden Counties.
- There have been 19 positive EEE pools and 19 positive West Nile Virus (WNV) pools.
- One human WNV case. Onset early in August. Lamoille County resident. Not hospitalized, recovered.
- One equine WNV case. Onset mid-August. Stabled in Lamoille County.
- Two equine EEE cases. Onsets late-August (one day apart). Stabled in Franklin County. One died, one euthanized.
- Mosquito population and activity is waning

Department of Mental Health (DMH)

Status of Governor's Priorities:

- The new state facility in Berlin is on track. Operation and staffing issues are now being addressed.
- A meeting with Fletcher Allen Health Care (FAHC) to begin the process of reviewing their proposal for psychiatry services is set.

- Deputy Commissioner Reed and staff are negotiating the contract for Level 1 beds with Brattleboro Retreat and Rutland Regional Hospitals.

Joint Fiscal Committee:

DMH met with the Joint Fiscal Committee. Commissioner Dupre and Deputy Commissioner Reed reviewed statistics regarding the availability of level 1 beds across the state. The Commissioner and Deputy Commissioner also answered questions from the committee regarding emergency room and Corrections stays.

VT Digger:

Ann Galloway is looking for information on an outpatient suicide at the Retreat on September 7th. Deputy Commissioner Reed is contacting Brattleboro Retreat and will respond to Ms. Galloway.

Suicide in Lamoille County:

DMH was notified of a recent suicide in Lamoille County. The individual was a 44-year-old woman who was employed at Stowe Mountain Lodge. Information indicates that the woman's son committed suicide in the past year. Outreach efforts were made by the Designated Mental Health Agency in October of 2012, but the individual declined all services. The employer is receptive to mental health outreach services to employees at the facility.

Emergency Rooms (ERs):

Wait times in ERs and Corrections continue to be a problem. On average 4 individuals were waiting in an ER or Corrections. The average daily census was 39. The system is currently operating with 35 Level 1 inpatient beds.

Commissioner Dupre was contacted by Dr. Ray Kellar, head of the emergency room at FAHC, requesting that the Commissioner do more to get mental health folks out of the emergency rooms. Commissioner Dupre explained that once a person is on an emergency evaluation (EE) he cannot authorize them to be moved to a non-hospital setting. Dr. Kellar is determined that something has to be done and indicated that the use of ERs to handle the issue of lack of beds has been going on too long. The Commissioner assured him that he and Deputy Commissioner Reed understood the problem and were looking for ways to come up with other hospital options, but that it is not an easy task. Dr. Kellar said he will start calling those above the Commissioner if things don't change.

Commissioner Dupre and Deputy Commissioner Reed also fielded a call from the CEO of Brattleboro Memorial Hospital regarding a repeating client to his ER. This is a complex case. The Commissioner had his Intensive Care Team Director talk with the CEO and the designated agency involved with this client.

Department of Disabilities, Aging and Independent Living (DAIL)

Joint Fiscal committee approves \$210K from Choices for Care (CFC) savings for nutrition:

DAIL received spending authority to fund senior nutrition programs hardest hit by the federal sequestration. As anticipated, some members (Sen. Ashe and Rep. Sharp most notably) challenged the

already occurred

I am talking to Theresa

@ FAHC
This week

Administration to meet all the effects of sequestration. Commissioner Wehry reiterated that we did not believe efforts to mitigate all sequestration impacts was sound policy and thus only identified those core to better health and maintenance of independence at home. Chair Martha Heath concurred and reminded the Committee that these funds were already allocated to the Choices for Care program.

FYI

Joint Fiscal Committee expresses disappointment in Developmental Services work group:

DAIL reported the lack of success by the legislative work group in identifying \$2.5M in savings in FY14 through delivery system reform. The work group did identify some ideas that could save money in the longer term. Chair Martha Heath acknowledged the positive efforts of the Department to find a solution. Commissioner Wehry indicated the providers would face a rescission if further budget adjustments were necessary but that it was too early to know the magnitude of that adjustment.

Health Care Oversight Committee (HCOC) grills Commissioner Wehry on waitlist for seniors with moderate needs, receives Adult Protective Services (APS) report with little comment:

As reported last week, the HCOC and Joint Fiscal Committee clashed over whether or not to provide emergency funding for seniors awaiting case management and homemaker services (housekeeping). The widely quoted figure of 406 looms large as a sound bite but in fact only 136 seniors are eligible at this time: home health reported that it places others on the list as "placeholders". Two lawmakers (Sen. Fox and Rep. Pearson) were critical of the Department's failure to lower the waitlist number and did not seem to grasp that even when seniors are taken off, new ones come on. There are currently over 1100 Vermonters being served in the moderate needs group, a 66% increase over 2005. None of these have high needs. All seniors with high and highest needs are being served.

The Commissioner also reported on the APS settlement and provided August data. There were no questions or comments on the settlement; Senator Fox challenged the data but was satisfied with the explanation.

September 13th – Brandon Training School memorial remembers those who are buried there:

Former students, family members and staff will gather today to unveil a plaque remembering those who died at Brandon Training School. DAIL/DS staff and Commissioner Wehry will attend.

DAIL Deputy Commissioner:

Commissioner Wehry announced the Governor's appointment with the following message:

"I am very pleased to announce the appointment of Stuart Schurr as DAIL's new Deputy Commissioner. Stuart has served as Senior Assistant Attorney General and Director of DAIL's Legal Unit since December of 2011 and has been a vital and valued member of DAIL's Senior Management Team. He has handled and supervised a wide variety of cases within Developmental Services, Choices for Care, Attendant Services, and Adult Protective Services and has been actively engaged in rule-making and other legislative processes. Stuart has earned the respect of all with whom he has worked as the Department's representative on numerous study committees and workgroups.

"Prior to joining DAIL, Stuart served as an Assistant State's Attorney in Vermont from 2001 through 2011 and practiced law in both the public and private sectors in Florida beginning in 1992. Stuart received a J.D. from the University of Florida, College of Law and a B.A., cum laude, from Duke University.

FYI. Jeh + I said
OK.

“Stuart looks forward to the challenges ahead in his new role with DAIL, and is grateful to have the opportunity to continue to work closely with all of the dedicated and hard-working staff within the Department. I am delighted to have him as our Deputy Commissioner.”

Department of Corrections (DOC)

Two DOC segments to air:

- WCAX is running a piece on the history of the DOC cemeteries. This story should include the significant work that facility and field work crews have done on restoring these historical places.
- Commissioner Pallito will be on the Mark Johnson show. The topic is general Corrections updates.

Corrections Harley time program:

Yesterday brought the end of another successful year of the Harley Time course offered at the Community High School. In the end, the Community High School “Gold Star” bikes raised \$15,560 for the Vermont Fallen Families. Many of the families were on hand to watch the bikes be raffled off at Green Mountain Harley. The families thanked the students and faculty who worked on the project bikes and expressed how much the project meant to them. The money raised will be used to help with college bills for the children of the fallen, support dinners for the families to gather money to maintain the memorial, and other events to support the families who lost loved ones in the Global War on Terror.

Town Hall Meeting

On September 11th, the DOC held its fourth Town Hall Meeting via Vermont Interactive Technologies. The agenda for the meeting included an in-depth presentation from Kris Goldstein, Treatment Chief of Vermont Treatment Program for Sexual Abuses; Heather Allin, Co-Director of the Vermont Center for the Prevention and Treatment of Sexual Abuse; and Amy Holloway, Director of Victims Services. The presentation covered the following topics: common misconceptions about sex offenders, high risk designation and releases, the Vermont Sex Offender Registry, Circles of Support and Accountability, and a description of the services available to victims through the DOC.

The meeting was broadcast at eleven sites across the state. A total of 55 people attended the meeting. A copy of the presentation can be found on the DOC website.

Small Lice Outbreak at Chittenden Regional Correctional Facility (CRCF):

A small outbreak of lice is occurring at CRCF. To date there have been seven confirmed cases. Thankfully the cases are isolated to one unit. Facility staff are using all appropriate measures to contain and eradicate the problem. While this is not uncommon in an institutional setting, prompt and thorough intervention needs to occur to avoid further spread.

Population:

The department’s incarcerated population averaged 2,113 for the previous week; the average presentenced population was 433. The incarcerated male population averaged 1,955 for the previous week while the female population averaged 158.

Department for Children and Families (DCF)

Postage Savings:

For years DCF has provided postage paid return envelopes in all of their mailings to Vermonters receiving public assistance. With the start of the Health Care Exchange, many Vermonters signing up for health care programs will not be the traditional lower-income beneficiaries we serve. DCF does not have the ability to parse out the mailing system so that some people are provided return postage and others are not. DCF estimates that if postage is included for everyone applying through the Exchange it would cost \$80,000 in unbudgeted expenses annually for normal return correspondence and premium notices. DCF has decided not to include paid return postage envelopes for all of the assistance programs (addressed returned envelopes will be included). By changing this practice and not paying postage for traditional Medicaid and public assistance beneficiaries, approximately \$170,000 will be saved annually.

hmm, ok but will get CRF for this

District Office Space Concerns:

Plans for the new district office building in St. Albans are already inadequate. The Family Services Division (FSD) has the largest and fastest growing case load in the state. We will outgrow the space before we take occupancy.

AA Job

Centralizing Non-Profit Child Care Grants:

DCF gives annual grants to 12 community non-profit organizations in the amount of \$480,000 so consumers can learn of child care openings in their community. DCF plans to do a request for proposal (RFP) re-bidding this project to create one centralized grant. It is believed that DCF can save approximately \$150,000 through this centralized model while providing a better service, which has been lacking. DCF plans to reinvest the savings into efforts helping children in high-risk situations from coming into custody. Representative Michelle Fay runs one of the non-profit organizations currently receiving one of the 12 community grants.

Fire in Woodside Kitchen:

Early on September 12th, a fire erupted in the Woodside kitchen, the result of a toaster forgotten during a power outage. Fortunately all residents and staff were safely evacuated, the fire department responded and the Department for Buildings and General Services (BGS) is on site to clean up. The hope is that the kitchen will be functional once cleanup is completed.

Department of Vermont Health Access (DVHA)

Vermont Health Connect Update

Medicaid and Exchange Advisory Board – The Board met for its September meeting and, with leadership from the AHS Central Office, DVHA and DCF, discussed the following: updates from work groups; Integrated Family Services; DVHA updates including SIM, Global Commitment, and Medicaid Shared Savings; Chronic Care Initiative; Eligibility State Plan Amendment; and Vermont Health Connect. Board members were invited to review notices that will be sent in the next few weeks to Vermonters transitioning health care coverage.

CMS Operational Readiness Review – Vermont Health Connect hosted federal partners for a two day review of exchange readiness. Our leads from the exchange, Medicaid, and technology teams at the Centers for Medicare and Medicaid Services participated in person, and additional technical support

and subject matter staff participated by webinar and phone. The State of Vermont and CGI demonstrated seven different scenarios through the online portal; conducted a walk-through and deep dive at Maximus in Burlington on the Customer Support Center; discussed privacy and security requirements; and explored both the remaining work for “Day 1” Go Live as well as “Day 2” operations. It was a productive, collaborative, and successful visit.

Medicaid Accountable Care Organization (ACO)/Shared Savings Program Update:

Work continues on the development of the Medicaid ACO Shared Savings Program through the State Innovation Model (SIM) governance and operations structure. Anticipated release of the RFP is in late September with a start date of January 1, 2014.

CMS requests for Vermont Chronic Care Initiative (VCCI) consultation for SIM grantee: State of Maryland, Medicaid ‘Super-Utilizers’ initiative:

The CMS leadership for SIM grantees have requested that VCCI provide consultation to the State of Maryland project leads regarding the Vermont case management/care coordination model for Medicaid ‘super-utilizers’. This was a topic in the CMS bulletin of July 24 2013 in which the VCCI was recognized as one of the top six national programs and one of 3 statewide models serving Medicaid high risk, high cost members. In Vermont this population is identified as the top 5% of members who ultimately account for nearly 40% of Medicaid spending.

Maryland is in the planning phase of developing their initiative for super-utilizers and this is the entire focus of their SIM planning grant. The VCCI has had several phone meetings recently to respond to questions regarding our model, goals, staffing, clinical and financial metrics; as well as challenges and lessons learned including collaboration on socio-economic barriers to health (e.g. housing, transportation). The Maryland team has been challenged by silos within their state structure and were quite interested in the AHS integration that VCCI enjoys with some staff embedded within AHS offices throughout the state and working directly with local AHS Field Directors and sister departments.

The Maryland team has expressed interest in coming to Vermont to learn more about our model and meet staff, AHS partners and provider partners who support our on-the-ground efforts.

Contact from Auditor:

The state auditor has contacted DVHA about initiating an audit of federal health care reform funds. We will provide more details when we know them.

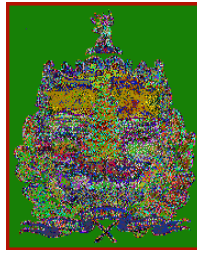
Provider tax appeals:

DVHA accepted a request from the hospitals appealing their provider tax to resume informal efforts to seek resolution.

good.

★ FYI

116 STATE STREET
MONTPELIER, VERMONT 05620



OFFICE OF THE SECRETARY
TEL: (802) 828-1619
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Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: September 13, 2013

Secretary's Top Issues:

EEE in Horses - State veterinarians, Drs. Mehlenbacher and Haas drafted a press release as followup to the 2nd confirmed equine positive Eastern Equine Encephalitis in Vermont this year. Both cases to date have been located in Franklin County, and both horses are deceased.

Meat Inspection - Growth of the industry continues - Supervisory staff are now covering inspection duties in order to provide adequate coverage for the meat and poultry businesses to continue to operate. Also, supervisors performing inspection duties increase the cost to the state and keep supervisors from performing their normal and required duties.

talk to kb re this

Water Quality Sampling - Staff are working on a water sampling initiative with ANR and MRBA (Missisquoi River Basin Association) in Godin Brook which is a tributary to the Missisquoi River. Water sampling started last week and will continue every other week through the month of October.

Agri-Mark, Inc. - was recognized as Exporter of the Year by national dairy magazine - Dairy Foods! Agri-Mark exports dried whey products globally from Middlebury, VT plant.

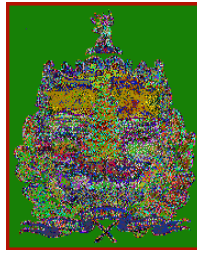
Exit 4 Mr. Sammis - Agency received final maps from Mr. Sammis for development at Exit 4. Agency will provide preliminary findings on Criteria 9(b) to Mr. Sammis by September 25 or before.

Bedbugs - The Agency has received a request for the investigation file into the pesticide applications made by another pest control company to a residence in Rutland for the control of bed bugs. This request will impact DCF and the Agency will work collaboratively.

NASDA Annual Meeting, North Carolina: attended this annual meeting where over 45 of the 50 states were represented. Membership unanimously voted to elect Sec Ross as the President. This will mean Vermont will host the annual conference in September 2014 from the 10th through the 13th.

FI

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TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: September 13, 2013

Status of Governor's Priorities:

Jobs in Agriculture

Press

State veterinarians, Drs. Mehlenbacher and Haas drafted a press release as follow-up to the 2nd confirmed equine positive Eastern Equine Encephalitis in Vermont this year. Both cases to date have been located in Franklin county, and both horses are deceased.

Significant Events/Meetings:

- The Animal Health section hosted a northeast regional meeting of the National Poultry Improvement Plan (NPIP) program this week. State and federal animal health officials from seven northeast states participated in the meeting, which was held to review the basics of the NPIP program and learn about the ways in which it can benefit small poultry producers in the region.
- Dr. Haas, State Veterinarian, met this week with disease biologists and staff from USDA Wildlife Services, Vermont Fish and Wildlife and USDA Veterinary Services to discuss implementation of, and education and outreach regarding, the new law passed last session banning the importation and possession of feral swine. As this was promulgated by VT Fish and Wildlife, The Animal Health office of VAAFM will only play a support role in these processes.
- Dr. Mehlenbacher met with Green Mountain Bovine and Equine Clinic to discuss electronic options for Certificates of Veterinary Inspection (CVI). We are offering veterinarians alternatives to the paper CVI as we plan to charge for them starting June of 2014 to recover Agency costs around the paper CVI.
- Dr. Mehlenbacher and Abbey Willard met to discuss the upcoming internal FSMA meeting and to discuss education and outreach opportunities the Agency can participate with and support. Abbey received an inquiry from Dave Rogers from NOFA asking what the Agency can do. Expectations around what the Agency has resources to do around FSMA should be made clear as this effort of the Agency around FSMA is supported by Agency staff with have full time job duties not associated with FSMA. As the Food Safety Task Force consists of members from the produce world, UVM Extension, VDH, and VAAFM, this would be an appropriate group to head up outreach efforts. The next meeting of the FSTF is Wednesday September 11th and this topic will be broached by VAAFM representatives as the meeting.

Evolving Issues:

Bedbugs - The Agency has received a request for the investigation file into the pesticide applications made by another pest control company to a residence in Rutland for the control of bed bugs. This company made numerous applications of pesticides to this residence prior to AAA having made its application of pesticides for the control of bed bugs. Copies of the records have been made and staff will meet with DCF legal council to identify any information that needs to be redacted from the files.

Summary of Key Agency Department Activity:

Administration

Exit 4 Mr. Sammis - Agency received final maps from Mr. Sammis for development at Exit 4. Agency will provide preliminary findings on Criteria 9(b) to Mr. Sammis by September 25 or before. No permit has been filed and the agency reserves the right to change its findings if the permit differs from the information provided to the agency for preliminary review. Findings will determine amount of primary ag soils impacted by development, mitigation amount in acres needed for impact and a determination if these acres exist on site. If there are not sufficient acres on site for mitigation, then Mr. Sammis would need to request appropriate circumstance to mitigate through off-site payment from the District Environmental Commission.

Agricultural Development

Federal Milk Order Reform - Northeast Association of State Department of Agriculture meeting reviewed progress on Federal Order Reform project. There is interest in flooring the fluid milk price by decoupling the pricing mechanism as well as altering the pricing formula through collection of price survey data. More work is required to refine these proposals to include a cost benefit analysis for the states' dairy farmers.

Food Safety and Animal Health and Consumer Protection

Consumer Protection Training

- Marc Paquette, Consumer Protection Weights and Measures Specialist, is participating in annual training for metrologists in Harrisburg, PA this week.
- Mike Larose and Scott Dolan, Consumer Protection Specialists are attending a training this week on heavy duty scales in Augusta, Maine.

Animal Health

- The amount of disease testing paperwork and animal traceability paperwork that the Section receives increases astronomically in the spring and summer and into the fall months and a permanent funded position is needed. Due to time constraints and limited staff resources, current practice is to record the bare minimum data; much of the lab reporting data is not able to be entered. Ideally, all lab data and all information on the movement paperwork would be entered. The ability to have data on animal types, location, disease testing, and movement is essential for emergency response to natural disasters or disease outbreaks. For example, every horse is required to be tested for Equine Infectious Anemia on a yearly basis and all of the results are sent to VAAFM. Due to competing priorities and an already full plate, AH is only able to count the number of tests done, allowing us to meet the USDA reporting requirement for the National Animal Health Reporting System. Entering complete data, such as horse information, owner information, and location would enable VAAFM to know where equines are located in the state in case of a natural disaster or disease outbreak specific for horses. AH received a number of inquiries last year during the EEE outbreaks as to why we didn't contact horse owners in the affected area to alert them and recommend vaccinations. As livestock owners are not required to register with the state, we did not have a ready access list to utilize for an emergency response. Having the staff power to enter the essential information that is provided on an EIA test result would enable the Agency to have an idea of what horses were in the area and potential contact them directly. This is just one example of the many essential functions a permanent funded position would enable.
- Animal Health staff continues to complete dairy biosecurity surveys.
- Blood tested poultry at Dresser Hill farm in Franklin. This was their quarterly test for MS & MG for maintaining being able to export hatching eggs to Canada.
- Animal Health completed quarterly reports for the two cooperative agreements that the Agency has with the USDA Veterinary Services.

contact the horses? :D

Meat Inspection

- Supervisory staff are now covering inspection duties in order to provide adequate coverage for the meat and poultry businesses to continue to operate. Also, supervisors performing inspection duties increases

the cost to the state, as well as takes these employees away from performing their normal and required duties.

- Met with Individuals in Williston working on a plan for a state inspected slaughter and processing operation at a dairy farm that has sold their cows. They are hoping to have funding by December and to open in May or June of 2014 then adding on smoking, curing and dry curing rooms the following year
- The program is still investigating the alleged mis-use of the new on-farm slaughtering law. The intent was to have one individual buy one animal and slaughter it themselves (or hire their own itinerant slaughterer) on the farm. Farmer is claiming they did the slaughter under Act 83 but we have three animals split between seven people that supposedly bought the animals live but they only put down a deposit and have no idea which animal is theirs or how much they are paying for the animals
- The Wilmington farm is proceeding with the construction of their facility to do state inspected slaughter and processing for both red meat and poultry as well as a few exotic species. They have submitted preliminary Hazard Analysis Critical Control Point plans for review
- Spoke with an individual in Fairlee that is developing a custom cutting shop in that area and several others are gearing up to restart operations for the fall cutting season
- Vermont Salumi has requested the ability to also have a few days of state inspection at their federally inspected establishment to accommodate producers that are having animals slaughtered under state inspection
- An individual in Randolph center currently providing exempt poultry slaughter has requested information to start a state inspected poultry operation
- Receiving complaints on the new Ag website that it is very difficult to find contacts for individuals in particular divisions unless you know exactly the person you are looking for

Agricultural Resource Management

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

- Staff conducted 4 technical assistance visits to assist SFOs and MFOs with Best Management Practice (BMP) solutions to address water quality and worked with partners to implement water quality BMP projects on MFOs and LFOs.
- Staff investigated one complaint about a MFO in Sheldon cutting down trees in the vegetative buffer bordering annual cropland along the Missisquoi River. Trees were removed and appropriate next steps are being assessed. The complaint was forward to the Agency from ANR.
- Staff conducted one compliance check on a MFO in Franklin County related to a Corrective Action Letter issued to the farm for MFO Permit violations.
- Staff worked with the ARM Division Enforcement Coordinator to process and prepare 16 Notice of Violations (NOVs) for MFOs that failed to submit a required annual report.
- Staff followed up with the New Haven Zoning Administrator regarding manure pits being constructed by a LFO in New Haven. The farm's projects meet current LFO, AAP and local zoning guidelines and appropriate setbacks are in place.
- Staff are processing applications and information for several MFOs that are increasing in size and we are working to transition the farms into the LFO program.
- Staff are working with the ANR-DEC Confined Animal Feeding Operation (CAFO) program to set up joint inspections of MFOs and LFOs in the coming month.
- Staff are continuing to work with the Assistant Attorney General regarding the Nelson Farms. This includes gathering and reviewing information regarding our investigations of the Nelson's farms over the last several months.
- Staff are discussing how to evaluate Capital Equipment Assistance Program (CEAP) no-till corn planters that farms purchased with financial assistance through this program. Farms are required to convert conventional crop land to no-till crop land as part of their 3-year grant agreement and also

increase their no-till acreage each year. A strategy is being developed so that equipment use and field checks can be made to verify that the conditions of the grant agreements are being met.

- To assist in the workload demands brought on by the current pesticide investigation, MFO/LFO staff are continuing to respond to all AAP complaints on small farms until further notice.
- Staff attended a 3-day “Soil Health and Sustainability for Field Staff” workshop in Berlin that was put on by NRCS. NRCS allowed one VAAFM employee to attend at no cost.
- Staff are working on a water sampling initiative with ANR and MRBA (Missisquoi River Basin Association) in Godin Brook which is a tributary to the Missisquoi River. Water sampling started last week and will continue every other week through the month of October.
- Staff participated in a conference call for the South Lake Region All Partner Meeting that focused on agriculture water quality in the South Lake Region of Lake Champlain. The South Lake Region is from the Crown Point Bridge to the southern end of Lake Champlain.

Conservation Reserve Enhancement Program (CREP):

- Staff is continuing to work on a potential invasive plant issue within CREP plantings, where funding may come from to help remove potential invasive species planted in CREP projects and what approach would be used to remove the plants. Sites are continuing to be surveyed as part of this effort and conversations between VAAFM, NRCS and FSA have been ongoing. Four CREP sites were visited this week to evaluate plant populations. Aerial maps have also been created as part of this initiative.
- Staff is continuously working on project develop, processing paperwork and management of CREP projects.

Pesticide Program

- A Letter of Warning will be issued to a major Pest Control Company (national chain) for failing to provide the required information about a pesticide application to the customer in writing at the time of application as required by the Vermont Regulations for the Control of Pesticides. Many pest control companies are moving towards the use of electronic devices to generate invoices for their customers. However, they need to provide their applicators with a back up method for providing this information in writing to their customer in the event their equipment fails.
- Correspondence was sent to a mosquito control district informing them that an inspection of their pesticide storage facility revealed that pesticide products were not being stored in a manner in compliance with the product label. The pesticide label states a specific temperature range within which the product must be stored. The current storage facility would likely exceed the upper temperature allowed during hot summer days. The District have been advised to secure an acceptable storage facility by Feb 1, 2014. The Agency stands ready to assist with this requirement.

Public Records Requests

- The Agency responded to a request from a lawyer on behalf of his client for invoices of pesticide applications made to their properties in Rutland. This request has resulted from the expanded outreach efforts to individuals that had their properties treated by AAA Pest Control in 2009, 2010, and 2011.
- The Agency has received a request for records from a concerned citizen that would like to review the annual pesticide usage data from commercial companies that make pesticide applications under the authorization of permits issued by the Agency (i.e., right-of-way permits, golf course permits, etc.) We have set a date to have the individual come to the office and review the records.

Land Use

- A Notice of Variance Request was sent to the Town of Charlotte on behalf of a farmer that wishes to construct a farm stand within the setback to road right-of-way.
- A Notice of Variance Request was sent to the Town of Underhill on behalf of a farmer that wishes to construct an equipment and feed storage structure within the setback to road right-of-way.

Secretary's Comments

Meetings/Events:

Forest Roundtable, Randolph: participated in discussion of forestry as part of the working landscape on panel with Commissioner Snyder and Paul Costello. Emphasized partnership and similarities with and between forestry and agriculture and the lessons ag can provide forestry as it evolves its economy.

NASDA Annual Meeting, North Carolina: attended this annual meeting where over 45 of the 50 states were represented. Highlighted outcomes included:

1. Membership unanimously voted to recommend to the FDA that the PMO (pasteurized milk ordinance) continue to be used as the food safety regulatory tool for dairy and NOT try to replace the PMO as part of the new rules being promulgated by the FDA for the Food Safety Modernization Act (FSMA).
2. Membership unanimously voted to ask Congress to allow the FDA more time in the issuance of its final rules for FSMA to allow the FDA to write another second draft rule and provide time for adequate public input. The purpose is to enable the FDA a better chance of getting rule right on to begin with thereby minimizing the negative impact on the regulated community while still improving food safety.
3. Membership unanimously voted to elect Sec Ross as the President. This will mean Vermont will host the annual conference in September 2014 from the 10th through the 13th. This will be an opportunity for Vermont and the Governor to promote its agricultural and food system products and policies. With potentially over 300 attendees or more it will be an economically impactful event for Vermont.
4. VAAFM staff also attended to learn more about the conference so it can be prepared for next year.
5. VAAFM successfully recruited the dairy community to be involved in NASDA for the first time in years – a potentially important engagement given the stakes involved for dairy in the Farm Bill and FSMA.
6. NASDA will likely be issuing a press statement on its action with respect to FSMA. Sec Ross will be one of three commissioners quoted.

See fyl.

VLITE, Montpelier: Sec Ross will participate in discussions with fellow VLITE Board members where they will be considering how they can support activities that will help implement the state comprehensive energy plan.

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Deborah L. Markowitz
Agency Secretary

Justin G. Johnson
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: September 13, 2013
Subject: ANR Weekly Report

Governor Level Issues:

Vermont Asbestos Group (VAG) Mine, Lowell: You may recall we briefed you early about the Asbestos Mine in Lowell. The Office of the Attorney General issued a press release that received some coverage about a settlement that the state and EPA reached with the owner of the VAG, Inc, regarding continued maintenance at the site of this large mountain of asbestos tailings. The funds obtained through the settlement are small relative to the costs of addressing contamination at this site but will help the state with some basic stormwater runoff issues. The settlement may also open the door to obtaining funds from VAG's insurers. If you would like more information, let me know.

Norwich Dam: The town of Norwich is looking to rebuild a dam that was washed away during Irene. The impoundment had been used as a swimming area for the town so there is pretty broad interest in rebuilding. The law requires our permit writers to make a series of findings in order to ensure that a project will not negatively impact public safety, the rights of riparian owners or fish and wildlife habitat. A 1999 Supreme Court Decision makes it clear that in deciding whether the dam would significantly impact the fish habitat, the baseline we must use is the condition of the river at the time of application. The science is clear that a dam would negatively impact the fisheries as compared to the present run-of-river condition. We will be asking the biologists to see whether there is any way around this finding and I have also asked my general counsel (who has been working on this for me, to see whether there is any legal wiggle room) to reach out to the town to give them a preliminary read so that they can have the opportunity to see if another fisheries biologist could come up with a different opinion. I will also reach out to Martha Cheney on this.

Full re likely denial or dam redo.

EVERYTHING ELSE:

Press Issues/Releases:

Removal of Batten Kill's Dufresne Dam to Restore River Habitat: Anglers will be glad to know the Dufresne Pond Dam on Vermont's famous Batten Kill in Manchester is being removed, in part, to allow wild brown trout and brook trout free passage after more than a century. Removal of the dam also will improve public safety by eliminating a dam with structural problems, and the removal will restore river habitat upstream of the dam. The dam, owned by the Fish and Wildlife, is 263 feet long and 12 feet high and consists of a concrete spillway and earthen embankment. It was originally constructed by the Dufresne family in 1908 to supply water to power a sawmill. By the late 1940s the dam no longer served its original purpose, and it was acquired by the state in 1957. The dam has been reconstructed several times in the last 50 years, but structural problems remain. In 2005, an evaluation and alternatives analysis determined that the lowest cost option is dam removal. The dam is being removed in a partnership of the Vermont Department of Environmental Conservation, the Vermont Fish & Wildlife Department, U.S. Fish and Wildlife Service and American Rivers.

Free Women's Hunter Education Field Day to be Offered in Canaan: Fish & Wildlife is partnering with Vermont Outdoors Woman (VOW) to offer a free women's hunter education field day at Jackson's Lodge in Canaan on Sept 27. The course is a part of the events offered at VOW's annual fall Doe Camp for women, but may be attended by women not participating in the camp. Participants must first pass the online firearms course or complete a workbook prior to taking part in the field day. The field day will cover basic firearm handling and safety, proper shooting techniques, game tracking, ethical hunting practices, basic survival skills, and hunting regulations. Participants who successfully pass the final written exam will receive a Hunters Education Firearm Safety Certification Card, or 'Orange Card,' that is valid in all U.S. States and Canadian Provinces, along with several other countries.

Fish & Wildlife Acquires Two New Land Parcels for Conservation: Fish & Wildlife recently closed on a pair of properties that will increase the size of the department's conserved lands. The Lewis Creek Stream bank property is a 323-acre area of conserved land owned by the Department to protect streamside habitat and provide access along the stream for hunting and fishing. Recently, the Department acquired an additional 65 acres that has been added to this stream bank property in the towns of Hinesburg and Monkton. The 65 acres are along Lewis Creek and were sold at a discounted rate by Ray and Pat Mainer of Hinesburg to the department. According to Jane Lazorchak, land acquisition coordinator for F&W, the Mainer parcel hosts habitat for a large colony of federally endangered Indiana bats.

Significant Events/Meetings:

Lake Champlain Cleanup Plan (TMDL) Meetings: Commissioner Mears participated in a meeting with senior managers and technical staff from EPA Region One about the latest results of their monitoring and modeling work. EPA's results confirm that the challenge of devising a package of policy proposals (regulatory, funding, outreach and education, and technical assistance) for addressing polluted runoff from farms, roads, and developed lands will be as

John. we will get update

difficult as DEC staff have been predicting. EPA remains open to Vermont's input and we are developing a package of policy options that will be discussed publicly starting in mid-October. As part of a series of informal meetings that David has been holding over the past few weeks on this topic, he met this past week with the Vermont Businesses for Social Responsibility (staff and board representatives).

Watershed Grant Program for 2014: F&W and DEC staff met to work on changes to the Watershed Grant program (WGP) for the 2014 project year. The goal is to improve the program and better align it with the Ecosystem Restoration Grant Program. The two programs have distinct funding requirements and can be made more complimentary. The WGP began in 1998 and is funded from half the proceeds from sale of the Vermont Conservation License Plate. The Departments of Environmental Conservation and Fish and Wildlife co-administer the Watershed Grants program. The program has been underway since 1998 and has thus far provided \$1,278,000 to fund 321 projects.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Environmental Conservation

Capital Complex (Montpelier): We issued a final permit to the State for the temporary boiler to be installed at the Capital Complex in the interim while the new wood boilers are being installed over the next year.

Universal Recycling and Organics Management Planning Act (Act 148) Report: A contract advisory committee met with DEC's consultant on the referenced report. The draft report indicates the majority of the costs for implementing Act 148 is related to organics. There was discussion regarding some the assumptions used in the analyses, especially regarding the recovery rates / sales data of the beverage redemption program, impact on litter, whether special trips should be included, and losses. At the end of the meeting, DSM shared the following observations:

- The report did not evaluate jobs created by implementing Act 148 and this would be important to evaluate.
- Local governance should be evaluated, decisions need to be made; could change the administration and educational aspects of districts.
- Act 148 will need to have a strong enforcement component.
- Use of organized collection (such as a municipality contracting services for curbside pick-up) would greatly reduce collection costs.
- There is a need to seek funding for the capital costs of implementing Act 148.

Haystack Project: The developer of the Haystack/Hermitage ski area has submitted an Act 250 master plan for approval. There are recent violations on the property that are proposed to be restored but restoration is yet to commence. The Master Plan project area contains approximately 200 wetlands, many of which are Class II. The current proposal would impact approximately 11 acres of wetlands, plus more from stormwater which is not yet shown on the

still not smooth

master plan, much of which would be from an airport expansion into some high quality wetlands. We are planning an internal department meeting to discuss the Master Plan. In the meantime, Hermitage continues to apply to Act 250 for various smaller proposals. This project will require an individual 401 Water Quality Certification.

Troy-Jay Sewer Line to Jay Peak: Facilities Engineering Division has drafted the approval for the design of the new sewer line. Prior to signing the approval, however, we need to reach agreement with the consultant on one final matter concerning the optimum method for monitoring system operation. We also are waiting on previously requested details in support of the design.

Diesel Emissions: We submitted an application, work plan and proposed budget to EPA for next fiscal year's Diesel Emissions Reduction Act (DERA) funding. The funding award is anticipated in October and will be used to continue the Vermont Clean Diesel Grant Program to help reduce public exposure to emissions from diesel-powered engines.

Northeast Vermont Regional Hospital (NVRH): NVRH in St. Johnsbury is going forward with a conversion of the No.2 oil fired boilers to compressed natural gas. As with other projects converting to CNG, this requires a permit amendment before commencing due to increases in some pollutants even though there are significant decreases in other pollutants. We are generally supportive of these conversions and expedite the permitting process.

FY11 another customer for Neale

Rutland Water Supply System and potential reduction of disinfection byproduct precursors: We are assisting Rutland City in investigating whether providing additional treatment to the raw water of the system could reduce the water's disinfection byproduct precursor content. If this could be accomplished, the City might be able to avoid having to install other more costly and controversial treatments to meet the federal disinfection by-product rule. Chemical treatment of the raw water reservoir has been considered but probably ruled out due anticipated permitting difficulties associated with adding a chemical to a surface water.

Proctor Water Supply: Due to unavoidable circumstances, Proctor will not be able to meet the fall 2013 water supply construction completion deadline in their current compliance agreement. The construction was necessary in order for Proctor to comply with federal Drinking Water rules. We are seeking to extend the construction deadline to the end of 2014 on behalf of the town.

Rockfall in Wells: Falling rocks at a home in Wells located below a steep rock face and a talus slope have caused the family to vacate several times for fear of rock damage. We visited the site to map out the nature of the risks. The failed rock slope above displays a wedge of rock that appears to be unstable. The homeowner is communicating with the Division of Emergency Management and Homeland Security to consider federal funding sources for mitigation but the Town at this juncture is unwilling to support and the Hazard Mitigation Grant Program requires their participation.

Fish and Wildlife

Moose: The cooler evenings have led to increased moose movement. Wardens handled numerous motor vehicle and train collisions with moose.

Low Flow: Staff reviewed a response report from Morrisville Water and Light (MWL) regarding a citizen complaint that river flows had been reduced in violation of license requirements. Records from a downstream gage showed several flow irregularities in August. MWL reported causes including mechanical malfunction, lack of plant staffing on weekends and flow regulation from an upstream hydro dam. The upstream problem was most likely caused by the Wolcott project, which is unlicensed and owned by Hardwick Electric. MWL is also currently in the relicensing process for its three hydroelectric projects (Morrisville, Cadys Falls and Green River). Staff learned that MWL has contacted several legislators concerning dissatisfaction with the Agency's preliminary flow recommendations for the Cadys Falls and Morrisville bypasses.

741 LOUIS

Invasive Species Event: Staff took part in an invasive species event hosted by the Guilford Conservation Commission. Roughly 60 people came out for the initial lecture section that Brian led for an hour. Retention was good as we moved to a field site for a demonstration by contractors on how to perform invasive control. Roughly 45 people came to that portion of the event, and at the end, there were probably still 20 people. Exit discussions with participants were good, and many expressed an interest in another similar event going on. So, all in all, it went very well.

Endangered Mussel found in Milton: Staff assisted New England Environmental divers with identification of a mussel at the I-89 bridge crossing in Milton. From the description, it appears to be the endangered cylindrical papershell. This would be a first record of this species from this portion of the Lamoille River (also known from Cambridge).

Cormorant Control on Lake Champlain: Cormorant control occurred at Rouse's Point with NY DEC and Wildlife Services. VFWD did not attend as there is no clear threat to any Vermont state lands in this area. Approximately 150 birds were shot on the NY and VT sides of the lake. This is a much lower take than in past years.

Remedial hunter ethics class: Wardens successfully ran another remedial hunting ethics class. The participants were all formerly convicted of fish and wildlife offenses and needed to complete the course to become eligible to purchase a hunting license again. All 25 participants passed the course.

Forest, Parks and Recreation

ANR PILOT: We are working to finalize this year's payment in lieu of taxes (PILOT) payments to communities in which there is ANR land. We expect these payments, totaling over \$2,000,000, will go out to communities before the end of the month. We will be making some adjustments to the PILOT ski lease acreage figures for the seven ski areas in Vermont that lease

state land. These adjustments will be incorporated within the Tax Department's planned reappraisal of ANR land into next year's PILOT payments.

ANR Land Transactions: Work continues on proposed sale of former Lafreniere homestead in Bolton, land exchange at Alburgh Dunes State Park, donation at Rupert State Forest, acquisition of inholding in Okemo State Forest, and other priority transactions.

Survey Section: Contract survey work at the West Shore Access Road at Groton State Forest, Fort Dummer State Park, and Roaring Brook WMA is ongoing. Field survey and mapping continues at Alburgh Dunes State Park and at Rutland City ROWs.

Year-End Ranger Meeting: The annual fall rangers' meeting took place last week, with over 200 key seasonal and permanent parks division staff attending. The program included announcement of the parks of the year award recipients, a program which has been in place for almost 20 years and has proven effective for employee team recognition. The recipients this year include Molly Stark State Park, Mt. Philo State Park, Niquette Bay State Park, and Little River State Park.



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: September 13, 2013

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

VY: I have been speaking to Mike Twomey regularly to keep things moving in this window we have before board action. I Spoke with him yesterday and he understands that I'd at least like to have a schedule for IFISI pad CPG filing and moving of spent fuel rods from the spent fuel pool to dry cask storage prior to our meeting on the 20th with Bill Mohl. This seems like one that we will be able to agree on – and it is huge. Entergy is really interested in two things: 1) working cooperatively from this point on, and 2) to have you stop referring to them as “Entergy Louisiana” – which by virtue of the fact they want you to stop indicates it has been very effective – nonetheless, I agree at this point it might be increasingly counterproductive. We are scheduling regular interagency meetings to insure all issues of relevance are being addressed, the next will be on the 24th. We are also working with council, Liz, and Sarah to figure out roles and responsibilities as regard to any settlement, and will engage AG's in that discussion soon (they have attended the interagency meetings). Entergy has authorized Twomey to be its negotiating lead, and are looking for us to designate the same. Recognizing that this needs to be driven by Governor's office, and we need to integrate the AG's, I would like to be the person through whom these discussions flow. I PROMISE to check in regularly with you all and to the

ha

not sure I see idea maybe but... to be

have involved.

extent they wish to be involved, the AG's. Any global settlement is multi-faceted, and the PSB proceedings are frankly a relatively small part of the resolution, but I feel like I'm in the best position to negotiate the issues and dedicate the time to coordinate the discussions. We are strategizing about the October 1st status conference before the Board, and, as a precaution, investigating ramifications of bankruptcy of any VY or Entergy corporate unit regarding obligations to the NRC and commitments to us so we can make sure to protect ourselves from any such eventuality. I have met with several intervenors to hear their list of concerns and their real priorities with respect to operation and closure of the facility.

VY Radiation Monitors: On 9/12 PSD Nuclear Engineer was notified of yet another radiation monitor spike which actuated containment isolation and startup of standby gas treatment system. This is same monitor that spiked before and was replaced. Similar events have occurred in June and July and August of this year.

Net Metering: Darren and Asa met with Robert Dostis and several folks at GMP about PSD net metering proposal. Chris met with Mary Powell last week. They are generally supportive, although they would prefer to sell RECs from net metering, which they can do, but would not then receive credit toward future renewable goals (post-SPEED targets) under our proposal. REV is expected to provide further feedback soon, and Darren and I are meeting with Tony and Margaret next week to give them more details. We expect to schedule meetings on this topic with WEC, BED, and Senator Campbell shortly.

Addison Expansion: The Department responses to VGS's discovery requests on our rebuttal testimony were due on September 11. A site visit and a second public hearing (Middlebury) were held on September 10. The site visit went well, but the public hearing was very acrimonious. There was a large turnout from Rising Tide and VPIRG. They held a protest rally in advance of the hearing, and there was full coverage by the media. Technical hearings are scheduled for September 16-20. VGS has negotiated a global settlement with ANR, and the parties are finalizing a MOU that they plan to file with the Board in advance of next week's hearings. Discussions continue among the Town of Monkton, the Palmers, VGS and the Department regarding a re-route to avoid the current impacts to the Palmers' property.

Seneca MET Tower: The town of Newark and Newark Neighbors United filed a notice of appeal of the Board's Order granting Seneca Mountain Wind a CPG to construct four MET towers in the area to the Vermont Supreme Court. They have asked the Governor's office for support in joining with them in the appeal. The appellants have not yet filed a docketing statement with the court. If we choose to defend the PSB's Order we will need to file a docketing statement by Oct. 4 (ten days after appellants). If PSD chooses to appeal the Order (on different grounds than those advanced by Newark) we need to file a notice of appeal by Sept. 20. We have a meeting scheduled with Sarah to discuss the options and path forward.

Significant Meetings/Events:

September 9 and 10: Chris at NEG/ECP and hydro tour

Don't think we should

September 11: VY Decommissioning meeting at 5th Floor, Chris also met with Chris Campany and Tom Buchannan of the Windham Regional Commission to discuss their desires in the VY resolution.

September 12: Chris, Darren, and Ed attend ISO System Plan Meeting in Boston, and NECPUC Business meeting

Next week significant events/meetings:

September 16: Chris/Darren meeting with Tony and Margaret on net metering; Total Energy Study capstone meeting with key stakeholders; discussion on Seneca appeal at 5th Floor

September 18: Chris speaking at emergency preparedness meeting; Chris/Darren legislative meeting with Louis; Darren meeting with Kathy Blume about Vermontivate

September 19: ISO NE meeting at Governor's office; Chris/Darren meeting with ACCD on land use and energy issues; Cabinet meeting

September 20: Darren meeting with Scott Johnstone, George Twigg, Scudder Parker at VEIC to discuss 2014 legislative ideas; Entergy CEO Bill Mohl Meeting with Governor.

Media: Chris and Darren attended state solar press conference, and also spoke with Andrew Stein at VTDigger (while at ISO conference in Boston) on ISO plans for distributed generation working group and on VGS expansion. NRC engineer on VPR Vermont Edition discussing decommissioning. Chris spoke with Andrew Stein today about Vermont Gas Efficiency Programs.

Everything Else:

PERD

Clean Energy Finance Summit

- The summit planning team met one last time to review areas for follow up:
 - Session #1: Small Scale RE/EE
 - On-bill financing - Working with GMP, new EE/RE on bill financing programs will be developed (GMP will likely provide an administrative system vs. actual project financing). PSD will lead.
 - Performance guarantee program_– Work with EVT to re-organize and improve their EE performance guarantee program for residential efficiency. Link this to Treasurer's interest in applying QCEBs to residential EE programs. ACCD will lead; PSD will track.
 - Session #2: Community Strategies
 - Community Energy Guide/Documents - PSD is working with VNRC to create a community solar toolkit/guide and as part of that will create a model contract for towns and schools. PSD will lead.
 - Session #3: Public Sector RE/EE

- The Institutions Committees of the Legislature has directed the Treasurer, PSD and BGS to create a strategy for thermal energy and building energy efficiency. EAN will provide input to the Treasurer for strategies and financing approaches to incorporate into the report due to the legislature in January. EAN will lead; PSD to track.
 - Develop ESPC as a useful tool for Vermont including developing model documents, developing an approach to aggregation of smaller projects and engaging key potential users like schools, public institutions, etc. EAN to lead.
- Session #4: Public Private Partnerships
- Support use of QECBs in Vermont through the work of the Local Investment Group and State Treasurer. Focus is low-income multifamily housing EE/RE investments and state buildings. Treasurer will lead, support from PSD, EAN.

Engineering

Vermont Yankee Operation

In preparation for shutdown next year Vermont Yankee has organized a decommissioning planning team that is addressing the many issues prior to and post shutdown of the plant. This decommissioning planning team was formed to segregate decommissioning planning from those activities required to operate the plant safely and reliably for the next year. One of the issues that this team is examining is whether work on the NRC Fukushima requirements will be necessary considering the station will be shutdown next year. Vermont Yankee has submitted to the NRC several six-month status reports outlining progress on meeting the Fukushima orders. In these NRC submittals Vermont Yankee notes that the plant will shutdown in the last quarter of 2014, and requests that the NRC halt any review of these status reports until Entergy can submit any changes to reflect the shutdown decision. Vermont Yankee is expected to discuss these Fukushima requirements with the NRC in light of operations ceasing next year to determine which requirements may be need to be implemented (such as instrumentation for the spent fuel pool), and those that are only relevant to an operating reactor (such as the hardened vent), which would no longer be needed. The completion dates for all of the NRC Fukushima requirements applicable to Vermont Yankee are after the refueling outage in 2014 (which is VY's shutdown date).

ha.

Vermont State Planning Committee (VSPC) Meeting

The Department attended the quarterly VSPC meeting Wednesday and it was a full agenda covering topics such as geo-targeting, ISO-NE studies, GMP studies, and VELCO studies. Of particular note was the results of the Rutland Area Study done by GMP which shows that the area is at a point where a lot more solar PV will not solve peak loads as the peak is now moving to a time just after sun-down. They suggest that standard offer projects will not have much value for resolution of the area's peak loads. The resolution will likely need to be very large storage or carbon-fueled sources. VELCO is also showing some similar results in that the peak is shifting and is not in the peak solar time of the day.

hmm.

CAPI

CONSUMER COMPLAINTS: Complaint numbers are for the period September 4th – September 10th 110 calls and 61 complaints.

Public Advocacy

Entergy VY Supreme Court Appeal – PSB Docket 7440 – In response to the Court’s show cause order, VPIRG, on September 4, and Entergy, on September 5, filed responses arguing that the appeal is not moot. PSD filed a response on September 5 reiterating its position that the appeal is moot. On September 12, the Court placed the appeal on hold pending a PSB ruling on the second amended CPG petition.

Entergy CPG – Docket 7862 – In response to a PSD filing, joined by all parties, the PSB issued an order postponing reply briefs until October 11. A status conference will be held October 1 to discuss the effect on the docket of Entergy’s decision to shut down at YE 2014.

Q Link Wireless ETC Designation – Docket 8075 – The parties entered into a MOU on September 9 and will file a proposed settlement with the Board within the next few weeks.

National Grid Wilder Substation Circuit Breaker Replacement - No Docket – National Grid has prepared a draft memo to the Board explaining its position that certain work proposed for the substation constitutes replacement of existing facilities and does not require approval under Section 248. The Department participated in a call with National Grid on September 11 and will be providing comments to National Grid on its memo. Further discussions are anticipated.

Swanton Rate Increase – Docket No. 8024 – The hearing officer issued a proposal for decision on September 6. The proposal accepts the terms of the MOU between the Department and Swanton, which among other things reduces Swanton’s rate increase from 10.69% to 1.0%. Comments are due on September 17.

WEC Point to Point Distribution Tariff – Tariff No. 8458 – Due to significant opposition to its proposed distribution wheeling tariff, WEC decided to formally withdraw the proposed tariff on September 6.

Claire Solar Farm Section 248 Proceeding – Docket No. 8003 – On September 6, all parties in the proceeding signed an MOU that resolves all issues in this case and filed it with the Board. (This case involves a proposed 2.2MW solar SPEED facility to be located in South Burlington.) The next step is for the Board to schedule a technical hearing on the MOU.

VGS Rate Design Changes – Docket 8009 – A proposal for decision (PFD) was issued on August 23. The proposal largely accepts VGS’s proposed rate design (which was supported by the Department). However, the PFD requires that the rate design be phased-in over two years, over VGS’s and the Department’s objection, because it will result in rate shock to industrial

customers. The Department submitted comments largely supporting the PFD but opposing the two-year phase-in. The Department argued that to the extent a phase-in is ordered, it should only apply to interruptible customers that choose to use it, and those customers should pay for their own phase-in by deferring some of the increase in the first year to the second or third year. The next step is for the Board to consider these comments and issue a final decision.

VGS Special Contract for BED's McNeil Generator – Special Contract No. 988 – On September 5, the Department recommended that the Board accept a special contract for the McNeil Generator that largely continues the terms of the existing contract. The Department's support for the special contract is based in large part on the fact that Vermont Gas has filed a tariff that will supersede this special contract when accepted by the Board (which should be sometime within October or early November). The Department is still evaluating the specifics of the proposed tariff but is generally in agreement that the service should be provided under a tariff rather than a special contract.

GMP Successor Alternative Regulation – No Docket – The Department is continuing to engage GMP in conversations regarding a successor alt reg plan. On September 11, GMP and the Department discussed what has been working and what things could change. While these discussions are at an early stage, the Department has expressed concern that GMP may be earning an ROE out of line with risk (or lack thereof) that it faces. Notwithstanding, at least initially, it seems that much of the existing alt reg framework will serve as the foundation for any successor alt reg plan.

North Springfield Sustainable Energy (Springfield Biomass) - Docket 7833 – The Department received discovery requests from NOSAG (a group of Neighbors opposed to the project) on the Department's recent testimony supporting the ANR/NSSEP forest harvest stipulation. The discovery questions pertain to our position that the fuel source for the project (woody biomass) is sustainable and renewable. There are also specific questions about the efficiency of the project and our decision to support the project. Our answers are due September 16. NOSAG had also filed testimony on the ANR/NSSEP forest harvest stipulation touching on the same issues. ANR has filed a motion to strike many portions of this testimony, which the Department will review prior to filing our discovery response.

Appointment of a Natural Gas Energy Efficiency Utility – Docket 7676 – The Board held a status conference on Phase II issues in this docket; which include the drafting of Order of Appointment and Process and Administration documents as well the inaugural Demand Resource Plan for Vermont's Natural Gas Energy Efficiency Utility. The parties have agreed to work together collaboratively to refine the issues and will file a status report with the Board on November 8, 2013.

Telecommunications

VTel Broadband – PSD and ACCD staff spent a day meeting with VTel staff in Springfield last week. Initially VTel argued that its commitment to bring broadband to unserved addresses

under its RUS grant is somewhere in the neighborhood of 90%. Upon review of the actual RUS grant application we advised VTel that we could find no such 90% standard and that we believed the grant, by its terms, required 100% build-out to unserved addresses. VTel grudgingly stated that it would ultimately bring service to all unserved addresses. VTel appears very nervous by the prospect of our notifying the congressional delegation that we do not believe they are abiding by the terms of the RUS grant.

Irrespective of VTel's assertions, including wireless mobile broadband addresses (AT&T and Verizon) back in to the served category nets some 1700 addresses that currently the only identified solution is VTel. VTel has agreed to provide us with an analysis of how many of those 1700 addresses it intends to cover but we have yet to receive the data from VTel. One thing that VTel made clear, and likely supported by the RUS, is that the VTel build-out will not be completed for years.

me saying more delays ...!

VEIC/GMP Data Transfer – A meeting is scheduled for next week which was to be VEICs “final” chance to convince GMP that it could appropriately secure the granular data it wants to receive from GMP. VEIC has recently issued an RFP for a vendor to create its data platform.

Accordingly, both the PSD and GMP believe that a meeting next week is premature. We have both notified VEIC that we would like to reschedule the meeting until a vendor is selected but as of this writing VEIC wants to go ahead with the meeting. The PSD has offered to have its internal experts attend the meeting. In addition, NECPUC is in the process of contracting with a cyber-security expert that we intend to use in trying to resolve the issue of GMP not being willing to transmit data to VEIC until GMP believes proper security is in place at VEIC. This issue may ultimately require Board resolution.

Wireless Mobile Broadband – Both AT&T and Verizon appear to have enhanced and upgraded the home wireless broadband/phone service they offer in recent months. As this is a solution we are using for many unserved addresses, PSD staff have asked for better propagation maps and a demonstration of the services currently available.

good

USF High Cost Support – There is much interest on the part of the telephone and broadband providers (both for and against) as to whether the PSD/Administration will support the activation of the high cost USF fund this year. PSD staff are preparing a memorandum with a recommendation, but at this point it is likely that we will recommend that we wait one more year before supporting such legislation until such time as the FCC issues a ruling on the CAF II funding mechanism as we really won't know the full effect of the Transformation Order on the Vermont companies until CAF II is resolved.

LOUIS

Finance and Economics

Electric

VEC--Tariff 8466; VEC has withdrawn and terminates its Voluntary Renewable Pricing Program – effective as of October 14, 2013. VEC proposes to terminate the program which has only four (4) customers participating to date. VEC feels increased participation is contingent on increased marketing and advertising which, by statute, must come from program proceeds which now

total \$252.00. Upon PSB approval fund balances will be forwarded to the CEDF

Gas

VGS---Alt Reg--- filed its 2014 base rates on August 28, reflecting a significant rate reduction of 5.86% or about \$5 million. The rate reduction was driven by an 18% reduction in gas costs that was off-set with a 7% increase in non-gas costs. We are currently reviewing the filing and will prepare our recommendation that is due September 15.

Water

Barnet Water Company - Petition of Proposed Increase in Rates of 520%, staff is reviewing the filing and the discovery responses. Staff met with ARN to discuss next steps. Legal is in contact with the parties to discuss issues and to determine if a settlement is possible. A status filing was due on August 23. After discussion between the parties, Barnet has asked the PSB to suspend this filing.

Financings/Mergers/Acquisitions/Consolidations

GMP Sale of Transmission Facilities---staff has been invited to participate in a discussion regarding the sale of GMP transmission facilities to Johnson, Morrisville and Hardwick---where the muni's will become joint owners with GMP as opposed to transmission customers. The proposed sale has the potential of saving the muni's about \$65,000 per year in transmission expense.

Annual Utility Filings and Gross Receipts Tax

Staff has prepared a recommendation that Barton Village Electric Department and New England Power Company each be assessed a 25% penalty for filing their tax returns and annual reports late (per VSA 30, §26).

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: September 13, 2013
SUBJECT: Governor's Report

Next month we hope to submit an updated Administrative Rule for the Sex Offender Registry. The current one is out dated and does not reflect changes that have been made in the law over the past few years. We will be contacting Corrections and the Courts to collaborate on the proper notifications and communications between the two groups.

Budget process has started as we are developing a needs assessment at this time, while reviewing financials for 2014 budget. Discussions have involved covering the VSP reclassification shortfall. We will continue to work towards a resolution to this issue.



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Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: September 13, 2013
SUBJECT: Confidential Report to the Governor

BUILDINGS AND GENERAL RESOURCES

Status of Governor's Priorities:

- St. Albans project approval by e-board was a huge win for the Administration.

Press/Media Notes:

- Contacted by Alyssa Frees, VTDigger and Neal Gursammi, VT Press Bureau re: the St. Albans downtown development e-board meeting.
- Talked with Andrew Stein, VTDigger, re: Solar purchased power agreement.

Significant Events/Meetings:

- Held meeting with Jeff Ingram re: completion of Bennington welcome center. It is hoped that the Center will be open for the Columbus Day weekend.

good

FINANCE AND MANAGEMENT

Issues Update:

Vermont G.O. Bonds: F&M continues working on the vast array of information necessary to update the Official Statement for the next planned issuance of Vermont General Obligation Bonds.

FY 2015 Budget Cycle: The technical data load problem, related to the personnel extract from the new VTHR system, has been resolved. Vantage is now ready for departments to begin verifying the personnel data. Budget Instructions are in review by Commissioner Reardon and will be sent to departments this week or early next week.

Joint Fiscal Committee (JFC): On Wednesday, September 11th, At the Joint Fiscal Committee meeting on 9/11, Commissioner Reardon presented a brief summary of the FY 2013 end of year fund balances and his outlook for the FY 2014 budget adjustment. He identified several sources of potential budget pressure, including: Corrections caseload; General Assistance emergency housing; fee-for-space impacts as part of the Irene wind-down; federal reductions from sequestration and otherwise; the Vermont Veterans Home; the State Trooper reclassification; and the potential decertification of the Brattleboro Retreat. He noted that many of these items are in flux and that it is too early to put precise values to any particular budget adjustment pressure.

Also at the JFC meeting, Commissioner Reardon presented the findings of the work group to address accounting for, and budgeting, of staff engineering costs for capital projects. Commissioner Reardon recommended that once staff engineering costs can be assigned to particular capital projects, those costs should be accounted for as such, and logic would follow that such costs should be funded with capital funds, while unassigned engineering costs would be included in the operating budget. He said the impact of such a proposal for FY 2015 cannot be known at this time, because the necessary tracking of costs is only just getting started – and any final budget decisions must weigh a variety of factors. Both presentations were well-received

HEALTH CARE REFORM

Status of Governor's Priorities:

Financing: Michael Costa continued to collaborate with the JFO. Specifically, he continued to work on the evaluation of the UMass report and interviews for the white paper on resources necessary to properly evaluate the impact of future finance proposals. A first draft of the paper is on track for the first week of October. Steve Klein would like to work both issues forward for a discussion at the November Joint Fiscal Committee meeting.

hmm. no? need to talk.

Michael spoke with Deb Brighton and UMass staff regarding near term consulting projects, focusing on leveraging data to indict the status quo and future plan development.

Michael and Devon gave a general presentation about Green Mountain Care to the Vermont Retired Employees Association at their annual meeting. Their questions focused mostly on trying to understand the distinction between the ACA and Green Mountain Care.

VHC:

Outreach: September 18th, the Governor will be kicking off the Small Business “Countdown to Coverage” at an event in Montpelier. Robin will do a presentation and there will be navigators at the event to meet individually with businesses as well. There are 3 events with Congressman Welch the following week.

most with moving on so far

gms
The Governor will also attend an enrollment event on October 16th that Planned Parenthood is planning. It will be held at the Community Health Center in Burlington. We are finalizing partnerships with several organizations and businesses, including Comcast, hospitals, FQHCs, pharmacies, and others.

David Reynolds is working with Bi-State Primary Care to organize an FQHC statewide event promoting Vermont Health Connect. The Governor will attend one of the sites, hopefully St. Johnsbury. We are waiting on Saturdays in late Oct/early Nov from Shana. good

Legislative Issues/Contacts:

Adam Greshin emailed Robin with concerns about MVP's choice to limit out of state networks for their plans. Robin asked DFR to look into whether this complies with our network adequacy standards, but since these are HMO plans, it probably does. She explained that this was one area where we kept the existing regulations & did not limit insurer discretion this first year. The decision to do this was based on the fact that we were standardizing in many other areas, but wanted to allow continued insurer flexibility in a few. Robin told him we would consider a change for next year.

Press/Media Notes:

- Live and Local Brattleboro WKVT AM 1490, 11:00
- Tim Johnson WTSB Brattleboro
- Brattleboro Reformer editorial board meeting – they offered us a column 2x/month. First one will be printed this week. good.

Significant Events/Meetings:

- Held several Vermont Health Connect public forums around the state.

HUMAN RESOURCES

Significant Events/Meetings:

- The refinement of bargaining proposal language continues.
- The development of bargaining costs to include the BCBS transition continues.
- Health Insurance premium rate setting is being finalized.
- Flu program has already registered 1,150 employees.
- Doug Hoffer/Hoffman data request (total pay and expenses), is in process and should be completed next week.
- Van Duesen NMU VSEA Article 6 request has been finalized and sent to VSEA (leave accruals for part-time employees in the NMU).
- The National Bike Challenge has just finished. State of Vermont as an employer finished 4th overall. Vermont State is the leading state in the country. press - sue?

INFORMATION AND INNOVATION

Status of Governor's Priorities:

PeopleSoft/VISION/ERP: Meetings with Blue Cross Blue Shield (BCBS) continue as the state starts its transition of the healthcare plans from Cigna to BCBS. DII expects to have the file ready for test by the end of September or early October.

Staff continue to work on issues remaining from go-live in May. There has been significant improvement on functional areas to understand the new environment and plans are in play for more end user training and outreach, as well as a full business process mapping.

Healthcare: CGI continues to struggle with getting all of the technical environments ready. However, they have already given us enough that we can do our launch in October. Additional work is still required for the added capabilities we will be adding in November to do payment processing, but they are not needed for the October launch.

Evolving Issues:

General: We received notice this week from VSEA of a formal complaint from an employee concerning his Director. We are working with HR, and it is unknown if an investigation will follow.

LIBRARIES

Nothing to report.

TAXES

Legislative Update:

JFO Data: Tax staff met with JFO staff in a generally cordial discussion. We walked through the reports of aggregated tax data that the JFO wants for next year – generally updated and somewhat enhanced spreadsheets. We talked about keeping Deb Brighton on part time, and she will bill JFO for time spent on their projects. The discussion was a little strained over what information is shared, and decisions made, at the staff level. All sides agreed that staff should be protected from policy and certainly political decisions; they should just be responsible for producing sound numbers – may have been some disagreement over where the line is drawn (with my discomfort being that JFO views some policy decisions as merely data decisions). Finally, the JFO does want to move forward with a Chainbridge micro simulation model if they can get it cheap enough. This would provide the legislators that profess the desire for “independence” with a more robust tool to model their ideas than a spreadsheet (although ultimately, the results would need to be verified on a full data set by the legislature). It would put the taxpayer confidentiality issue to rest. Since Chainbridge was offered by FAST as an optional add-on to our integrated tax system, we will work with JFO on negotiating terms in that contract.

Technical Tax Working Group: We had a very productive meeting with our practitioner advisory board – this has proved to be a great forum. The Department shared its work plan on its commitment to

realizing \$1.5M of additional enhanced revenue, outside of the data warehouse, to help close the budget gap. The practitioners were very interested in our “Know What You Owe” self audit for use tax obligations, and had a lively conversation with our Compliance and Outreach directors on how their clients might react. They also were interested to know that we are going to have projects on bars/restaurants, rental of rooms in private homes and zappers, that we will offset abandoned properties, and finally, that we are going to be looking closely at our dockets relative to settlement. It was a great opportunity to telegraph these efforts, and practitioners were grateful to have a heads up on questions they might expect from clients.

Regulations: Our Working Group meeting also was a great opportunity to discuss our draft regulation on capital gains. We were pleasantly surprised that the practitioners agreed with our interpretation of a very vague statute, and they had some constructive comments on the details. Their greatest concern was that now that we have agreement, the legislature will eliminate preferential capital gains treatment.

Tax Appeal: Our first administrative ruling on unitary combined reporting has been appealed to Superior Court. Once the record is transferred to court, it will be a public matter.

Operations:

Outreach: For the second time, the Vermont Chamber has highlighted Tax Dept info in their newsletter to members – pointing businesses to our fact sheets and the Know What You Owe program.

Integrated Tax System: In both our meetings with practitioners and JFO there was support for the Department moving forward with a tried and true modern processing system. The practitioners who had been to the demos explained to their colleagues how an integrated system with web self-service would fundamentally change their practice, offering a variety of efficiencies. The JFO was sympathetic that some of the issues that we have had in providing them with data stems from the limitations of our legacy processing systems.

We have this week a real example of savings we would derive from the ITS – we needed to go through VIC to develop the capacity to accept ACH debit payments for more taxes starting this week (something the practitioners appreciate, and saves our workload). Pursuant to the VIC contract with the state however, we will have to pay a per transaction fee to them. This type of online service will be seamlessly incorporated in our ITS.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Michael J. Hogan, Commissioner of Liquor Control
Date: September 13, 2013
Re: Weekly Report

Status of Governor's Priorities: Working on preliminary information for FY15 budget with staff and department needs for next fiscal year.

Legislative Issues/Contacts:

- Reviewing draft changes to Department Regulations with Board at recent meeting. Next to ICAR and then LCAR.

Press Issues/Releases/Contacts: Nothing to report.

Significant Events/Meetings: Next Board Meeting 10/9 Enforcement Hearings.

Evolving Issues:

- Working with vendor on contract for ERP/POS Project. Ongoing process.
- Preliminary review of department processes for potential licensing and enforcement system. .
- Working on evaluating additional agencies throughout the state and breaking down costs associated as well as the return on the investment.
- FDA training for the FDA contract to do tobacco compliance and advertising testing.

Summary of Key Department Activity:

- September sales are looking good: +5-6%.

Commissioner's Commentary: Have a great weekend.

Elizabeth H. Miller
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