

WEEKLY REPORTS

Checklist
12/28/16

Darren Springer

- Agency of Commerce and Community Development – Lucy Leriche
- Department of Financial Regulation – Michael Pieciak
- Public Service Department – Chris Recchia
- Agency of Human Services – Hal Cohen

Sue Allen

- Agency of Education – Rebecca Holcombe
- Agency of Transportation – Chris Cole
- Agency of Natural Resources – Deb Markowitz

Sarah London

- Department of Public Safety – Keith Flynn
- Agency of Administration – Trey Martin (no update needed)

Jessica Gingras

- Boards and Commissions – Jessica Gingras
- Department of Liquor Control – Patrick Delaney

Laura Gray

- Agency of Agriculture – Chuck Ross
- VT Commission on Lottery – TBD

James Pepper

- Department of Labor – Annie Noonan

To: Governor Peter Shumlin
From: Lucy Leriche, Secretary - Agency of Commerce and Community Development
Date: December 28, 2016
Re: Weekly Report

LUCY LERICHE, SECRETARY

Agency work continues to move forward as I work on tying things up. I am so proud and grateful for the chance to work for the Shumlin Administration. Together we really have accomplished many great things!

Mike Shirling: I called to congratulate him the day of the announcement. He was leaving for vacation the next day for two weeks so we will meet when he returns on the 30th.

Housing Report: Waiting on Trey's word on whether we can release an early draft of the report or recommendations to the new administration. My guess is they already have a draft because Rep Fred Baser is on the Steering Committee for the report and has a copy that he has already probably shared.

Archer and Margot Mayor: Margot followed up and is eager to attain a commitment from the Shumlin Administration for WCEDP funds for the Gunther Series and Film Institute projects. I continue to encourage her to reach out to the new administration.

DEPARTMENT OF ECONOMIC DEVELOPMENT

BUSINESS SUPPORT - Economic Development ♦ Jared Duval, Director

- **Business Support:** Had coordinated business support visits along with NVDA/Dave Snedeker and Kristie Farnham with the following businesses:
 - **Ethan Allen:** Met with Chet Greenwood, CFO. Ethan Allen has 450 employees, more than half of whom have been with the company for 20 years or more. EA currently has 20 open positions in production that they are hiring for. We primarily discussed the Vermont Training Program and the Wood Products Manufacture Incentive. Made appropriate referrals.
- **Other Business Support:** Received a call from Chris Byrne of the Vermont Country Store re: the possibility of opening a new store in the Stowe area and what ED resources may be available. Talked through various resources and will coordinate with Brett, Kristie, and Fred, along with others.

BUSINESS SUPPORT - Economic Development Specialist ♦ Kristie Farnham

- Attended the 96th AIV Annual Meeting. The event was a culmination of presentations of businesses (Mack Molding and GW Plastics) and educational institutions (Lyndon Institute, Vermont Tech, Randolph Union High School and the Governor's Institutes of Vermont) and various other stakeholders (Governor-Elect Phil Scott, Agency of Education, Department of Labor, Agency of Commerce and Community Development, and Franklin Grand Isle Workforce Investment Board). The event was well attended. The overview of the activities and initiatives to connect students to Vermont's manufacturers was broad and innovative. There is clearly a lot of energy around the State to build and to promote the interest pathway.

BUSINESS SUPPORT - Economic Development Policy Specialist ♦ Ian D. Davis, MPA

- **TPM Academy:** Ian Davis, Economic Development Policy Specialist, held a conference call with Jason Tyszko, Executive Director of the U.S. Chamber of Commerce Foundation (USCCF) to identify candidates to attend February's Talent Pipeline Management (TPM) Academy in Washington, D.C. Attendees will spend a total of four days in D.C. learning how to organize a collaborative of Vermont employers to implement a TPM action plan. Vermont may be eligible to send up to four individuals to the Academy—all funded by USCCF.

VERMONT ECONOMIC PROGRESS COUNCIL ♦ Fred Kenney, Director

On December 8, the VEPC Board met and took the following actions:

- Approved an Initial Application from Ehrmann Commonwealth Dairy of Brattleboro, giving initial authorization of VEGI incentives of up to \$648,327, to build a new US Headquarters and expand production.
- Approved Final Applications, as follows:
 - Bariatrix Nutritional, Georgia, \$152,843 for expansion within existing plant
 - Caledonia Spirits, Hardwick, \$684,035 for new production and visitor facility in Montpelier
 - Chroma Technology, Bellows Falls, \$596,297 for physical expansion to existing facility
 - Vermont Aerospace, St Johnsbury, \$328,841, for acquisition of VT Aerospace by AIAC to avoid plant closure
- Affirmed and continued incentives previously authorized for the following:
 - Seventh Generation, acquired by Unilever
 - Precyse Solutions, acquired by nThrive Solutions
 - Maponics, acquired by Pitney Bowes
- Approved delay for Kingdom Pellets project in Lunenburg to 2017
- With these approvals, the VEGI incentives authorized for projects commencing in 2016 total \$4.8 million and incentives approved to date for projects commencing in 2017 total \$1.7 million.
- The Board also approved the final draft of the Act 157 Report on VEGI, due to the Legislature by January 15.

VEGI

- With Governor, attended Commonwealth Dairy expansion announcement
- Continued to work with the following to file new VEGI applications for the January 2017 meeting: Hermit Thrush Brewery (Brattleboro)
- With DED staff and David Snedeker, met with Tim Nolan, Precision Composites of Vermont, St Johnsbury

WCEDP

- Reviewed grant application from SEON
- With WCEDP Advisory Council, reviewed and approved Loan LOIs from Hermit Thrush Brewery and Cultural Intrigue; LOIs also approved by ACCD. Companies will proceed with WCEDP loan applications to VEDA.

VERMONT TRAINING PROGRAM ♦ John Young, Director

- Northwestern Medical Center is in the review process in the Intelligrants system for help to train on their Electronic Medical Record system upgrade training.
- Maple Landmark Woodcraft, Vermont Precision Tools, Stone Environmental, Imerys Talc, and BHS Composites all have started applications in the Intelligrants system and hopefully will be completed early in the new year.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Deputy Commissioner Hanford

- **Act 157 “Workforce Housing Infrastructure” Study:** Continued to work with the ACCD team on the Final Draft of this report and meet with Representatives Baser and Scheu to review the recommendations.
- **VHFA and Joint Committee on Tax Credits:** After hearing public comments, reviewing & discussing the latest proposed Qualified Allocation Plan for federal & state housing development tax credits worth over \$27Million, voted with the other 4 Commissioners to recommend approval by VHFA Board and the Governor.

COMMUNITY PLANNING & REVITALIZATION ♦ Chris Cochran, Director

Partner and Program Report

- **Act 171 (Forest Integrity):** Commissioner Snyder distributed a draft of his report that recommends several changes to state and municipal regulations to protect large forest blocks and the habitat areas that connect them. The Commissioner has asked the committee members to provide feedback so he can distribute an updated version. He’s asked the committee to vote on the final recommendations via email. The report is due January 1.

HISTORIC PRESERVATION ♦ Laura Trieschmann, State Historic Preservation Officer

- **Vermont Advisory Council on Historic Preservation:** The December meeting of the ACHP focused on the review and awarding of the Historic Preservation Grants. Forty-eight applications have been received for the 2017 grants, with each of the community resources reviewed for eligibility if not already designated. The total amount requested is \$702,420, generating \$1.8 million in project costs. The council has \$195,779 available to award. Council members viewed a power point presentation that summarized each application, after which they had an opportunity to ask questions and discuss the various components of each project. Fifteen grants were awarded. Recipients are being informed via snail mail—because of the required paperwork—and legislators have been notified via email. A press release is planned for mid-January when all have been informed and the accompanying summaries of granted projects prepared.

State Archaeologist

Project Review

- **Green Mountain Power (GMP) Shoreham Line Upgrade:** GMP has proposed a distribution line upgrade and relocation along Walker Point, Basin Harbor, and other roads in Shoreham, in part to bring 3-Phase power to Whiteface Ranch. The upgrades will involve a new line segment with over 60 new utility poles, and an additional 38 replacement poles, as well as a 900-ft. underground section in other locations and is subject to Act 250 review. The project was not brought to VDHP’s attention until it was noticed on the Act 250 agenda on November 21, too late in the season to do any necessary archaeological work except for an assessment. The fieldwork for the Archaeological Resource Assessment was completed last week and the report will be submitted by the end of the year. Approximately 75 locations were found to be archaeologically sensitive. Because no additional archaeological work will be possible until next spring,

we have begun working on an agreement with GMP that will allow the project to move forward now, with the equivalent amount of archaeological work that would have been done conducted next year. There is precedence for this type of approach for other line upgrades including larger transmission projects, where placement of poles or structures near wetland areas required frozen conditions. Since the amount of ground disturbance is relatively limited, the archaeological information obtained next year will be adequate mitigation for project impacts.

- **ACOE:** Jamie, Scott, and Elizabeth met with Angela Repella from Army Corps of Engineers, Ron Rhodes from CT River Watershed Council, and Madeleine Lyttle from USFWS. We went over the status of dam removal projects that Ron Rhodes will be coordinating including dams in East Burke, West Fairlee, Norwich, Putney, Dummerston, and Wilmington. Most of the projects are still developing plans and will be continuing consultation as the area of potential effect are defined. The Bagatelle dam in Dummerston has had cultural resources reports developed and the removal will result in an adverse effect. Madeleine Lyttle will develop a MOA and include the mitigation recommended by the consultant and will also investigate the possibility of publishing the documentation of the historic site to share with the local libraries, town, and schools.
- **Clarendon:** Yvonne and Dale attended the hearing for Garvey Nissan in Clarendon and Rutland in support of permit conditions previously agreed to by the applicant. The project area had been surveyed for archaeology during an earlier project and a Precontact site was identified. However, due to conflicting information in that reporting, the applicant did not consider impacts to the archaeological site in their planning. In addition, the project has potential to impact historic structures. Scott and Elizabeth, in consultation with the applicants, were able to come to agreement on a number of permit conditions to be sure that the historic resources were considered before and during construction.
- **UVM:** Jamie and Laura had an eventful meeting with staff of UVM's facilities department. The overviews of proposed work on the very architecturally significant Billings Center and Converse Hall were reviewed. The proposed plans as presented are fully supported by VDHP, which will review the finalized documentation once formally submitted. A finding of No Adverse Effect is anticipated for both projects based on the initial reviews. A much livelier conversation centered around the work for Slade Hall, over which VDHP and UVM do not agree. The plans presented to VDHP over a year ago would have resulted in a finding of Adverse Effect. Staff attempted to work with UVM, evaluating and assessing each element of the proposed work to identify acceptable solutions; some solutions have been found for the roof and dormers. The proposed plans for this architecturally significant building, now vacant, include replacement of all windows with simulated divided 12/12 aluminum-clad sash. At the continued request of VDHP, a window survey was finally conducted in December 2016; this was done by facilities staff and not a window specialist. The proposed work also includes the replacement of an elongated multi-light window with an arched top. Located in the center of the east façade, the window is a significant character-defining feature. VDHP has continuously requested, verbally and via emails, documentation to support the replacement of all windows with simulated divided lights and aluminum cladding, and the rejection of storm windows. The documentation received thus far is inadequate, excluding all consideration of in-kind options and alternatives beyond student use and visual preference. Once again, VDHP requested this information and will follow up with another written request clearly stating what is needed for our review. This project requires a professional preservation consultant to re-evaluate the proposed window replacement plan, outline alternatives, and make a recommendation of effect (a consultant was hired at the beginning of the project, is now retired, and elements of the project have changed; moreover, the initial consultant letter was woefully inadequate, thus initiating multiple conversations). VDHP prefers not to prepare the letter for Act 250, but would rather concur with the recommended findings of the professional preservation consultant. We shall continue to work with UVM, while ensuring the best preservation practices are implemented for this significant building.

VERMONT COMMUNITY DEVELOPMENT PROGRAM ♦ Josh Hanford, Director

Regular CDBG

Applications

- **City of South Burlington:** The City submitted a \$575,000 Implementation Grant application to construct 38 units of service-enriched affordable senior housing. This would be a turn-key project in partnership with Snyder Braverman Development Company, LLC and be structured as a deferred loan to City Center Senior Housing Limited Partnership (Cathedral Square Corporation). All 38 units would be available to households earning below 80% of median income. Threshold review is complete and there are no issues to resolve.
- **Town of Castleton:** The Town submitted a \$374,000 Implementation Grant application to sub-grant from the Town to the Windy Hollow Mobile Home Cooperative to assist with water, wastewater, and flood/drainage improvements. Threshold review is complete and the applicant is addressing the threshold issues.
- **Town of Milton:** The Town submitted a \$30,000 Planning Grant application to sub-grant from the Town to the Milton Mobile Home Cooperative to complete an infrastructure study. The study will involve planning for the replacement of water and sewer systems and an analysis of potentially unstable banks within the community. Threshold review is complete and the applicant is addressing the threshold issues.
- **Town of Brattleboro:** The Town submitted a \$449,000 Implementation Grant application to convert the Lamplighter Inn, which is currently an extended-stay motel, into 22 efficiency and one-bedroom rental apartments for very low income and special needs populations, with 11 of the 22 units targeted for homeless populations. The project will also construct a community building that will allow for on-site supportive services to all residents. There are no outstanding threshold issues.
- **Town of Hardwick:** The Town submitted a \$345,000 Implementation Grant application to renovate three existing affordable rental properties containing 18 units within the Designated Village. The project will address code and thermal energy upgrades in all three buildings. All three properties have had previous VCDP awards when they were last renovated in the mid 1990's. One building located at 9 Main Street was constructed after a devastating fire in 1991.
- **City of Newport:** The City has submitted the \$30,000 Planning Grant application to complete a feasibility study for the large vacant lot in Downtown Newport. The application would support the City's efforts in hiring professional real estate development consultants to identify opportunities that could be pursued and implemented in an effort to improve the economic vitality in the greater Newport region. The City has already been awarded a \$20,000 feasibility grant from VHCB to assist with their efforts.

VT CENTER FOR GEOGRAPHIC INFORMATION (VCGI) ♦ JOHN E. ADAMS, DIRECTOR

- **USGS LIDAR Grant:** VCGI is happy to announce that Vermont has received a "notification of award" letter for our 2017 USGS BAA LiDAR grant proposal! Once the state match funding is finalized in early 2017 we can move forward with signing the USGS's official contract and be on our way to becoming only the 2nd state with complete coverage at QL2 resolution. Flights to acquire this data will commence upon "leaf off" conditions after Oct. 1, 2017. The long-anticipated data delivery for the 2014 Chittenden, Lamoille, Orleans and Washington counties data has finally passed "QAQC" with the USGS and the final data delivery is now expected in mid-late January 2017. Thank Mike for his continued success in bringing in the funds to acquire this valuable data.
- **Interagency Emergency Management Workgroup:** The Enterprise Geospatial Consortium (EGC) met and voted to reconvene the Emergency Management Workgroup which has not met in over a year. Jarlath

O'Neil-Dunne, Director of the UVM Spatial Analysis Lab and former director of the United States Marine Corps imagery intelligence assets, addressed the EGC and expressed concerns that Public Safety/Emergency Management were failing to maintain the most basic of geospatial capabilities. Representatives from various agencies and VAPDA shared similar concerns and highlighted various issues that arose during the Vigilant Guard exercise. A representative from Public Safety explained that they have the funds to bring on GIS professionals, however they have been unsuccessful in gaining any positions from the administration. DPS plans to release an RFP for contracting services in January. An EGC EM workgroup will be scheduled for the coming month.

- **Department of Labor Data:** John met with Mat Barewicz and Kevin Stapleton from the Dept. of Labor to discuss opportunities to share data and bring geospatial capabilities to the department. One of the discoveries made during the meeting was that the DOL does use the Federal Information Processing Standard (FIPS) codes in managing their data for federal reporting purposes – however they strip this data out when posting it, not realizing that it can be used to make their data interoperable and easily mapped. DOL will now start including the codes in the data they post. VCGI will create and host boundary data for the labor market areas to enable the ability for the department to make maps and undertake spatial analysis. Additionally, employment data will be added to the open geodata portal for everyone to use.

DEPARTMENT OF TOURISM & MARKETING

Megan Smith, Commissioner

- **Discover New England Board:** The Discover New England board meeting was very productive as we were joined with the head of the Boston Convention Bureau and the Director of NYC and Company. After the success of the Australian Mission as “Visit the Northeast” with New England, Washington DC, Philadelphia, and New York, we all agreed that we would work together in all the emerging markets. New York City is also interested in working with Vermont on a winter international campaign for city/skiing. They are going to work to get Amtrak and Jet Blue involved. The State Tourism Director in Maine is moving on to be the Director of the Maine Trails and Huts Association so the other members are anxious to hear who will be taking our two spots on the board.

Steven Cook, Deputy Commissioner

- **2015 Vermont Tourism Benchmark:** With the support of ACCD Economic Research Analyst Ken Jones, the Department is close to releasing its review of the 2015 tourism impact report. This report is produced on odd years and contains data pertaining to tourism spending, jobs in the tourism sector, top consumer markets and second homeowners. Highlights from the 2015 benchmark show that overnight accommodations were up 3%, second home ownership was up 1%, spending was up 6% and lodging receipts were up 10%.

COMMUNICATIONS ♦ Philip Tortora, Director of Communications

- **ACT 157 Public Hearing / Comments:** Philip joined Commissioner Megan Smith in attending a public hearing at the Department of Taxes on Tuesday, where opinions for a state study on Internet-based lodging in Vermont were voiced. In addition to the 9 percent tax that is now being imposed on properties using Airbnb in Vermont, a contingent of folks representing Vermont inns and bed & breakfasts have conveyed their desire to have these properties be subject to the same regulations and health & safety inspections that larger lodging properties in Vermont must adhere to.

The public hearing had 4-5 people from the inns/B&B industry in attendance, including Tim Piper, President of the Vermont Inn and Bed & Breakfast Association (VIBBA). When adding in the online comments, roughly a dozen people from the inns/B&B industry have conveyed their desire for additional

regulations and inspections for Internet-based lodging properties.

At Tuesday's hearing, Michael Desrochers, Executive Director for the Division of Fire Safety, indicated that his department does not have enough personnel to provide inspections for all the Internet-based lodging properties now advertising in the state. At an earlier meeting between the Departments of Taxes, Health, Financial Regulation and Tourism & Marketing, the Department of Health also indicated they do not have the staffing levels necessary to provide inspections for Airbnbs and other Internet-based lodging properties.

- **Boston Magazine Native Advertising Campaign:** Philip worked with Deputy Commissioner Steve Cook on final edits for two articles being written by Boston Magazine about winter tourism in Vermont. One focuses on skiing options at the state's resorts for skiers of all levels, and the other focuses on Vermont attractions off the slopes. We coordinated a visit for the writer to the Brattleboro-Newfane area for the latter piece, and are happy about the exposure it will provide for southern Vermont.

MARKETING ♦ Patrick MacCormack, Digital Marketing Coordinator

- **VermontVacation.com:** VDTM added two more articles to the [Stories From VT](#) section – [Reasons to Visit Vermont in the Winter](#), and [Growing Up in Stratton Mountain's Ski Resort](#).

VERMONT LIFE ♦ Mary Hegarty Nowlan, Editor/Sky Barsch, Associate Publisher

- **Buzz:** We received a gratifying note from Katie Graham, on-air fundraising manager at Vermont PBS. She said "the show we aired that the Vermont Life gifts were offered around (Sabra Field documentary) was one of the most successful pledge shows in the country (adjusted for population)! The Vermont Life gifts were extremely popular and hope to offer these in the future!"
- **Advertising:** We booked several new projects last week including the renewals for Limlaw \$4,800 and Mountain Top Inn \$5,760 annually. Also, booked another issue for Sbardella Slate for Spring 2017 at \$1,200. Secured initial commitment for Spring '17 from new client Courtney Reckord Design for Love Vermont guide at \$400. With these added, Spring '17 sales stand at \$68,107, 20% over last Spring issue.
- **Business:** Our calendar sales continue to be strong, with Sabra Field editions having already sold out and desk almost sold out.
- **Promotion:** An email blast was sent out giving customers a heads-up regarding Dec. 16 being the final day for standard shipping delivery by Dec. 24. And: Now that several of our back issues are available with free access (we took down the paywall for some older issues), we have begun pushing out archival content on social. Our hope is that readers can get a taste of what we are doing and that will lead to subscriptions; also, that we will help further fulfill Vermont Life's mission of subtly marketing the state as a desirable place to live, work and visit.

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[Securities] 877-550-3907
[Banking] 888-568-4547

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Michael S. Pieciak, Commissioner, Department of Financial Regulation
Date: December 28, 2016
Re: Weekly Report



Captive Insurance Division:

- **Five New Captives:** The Captive Insurance Division has been busy again this week. Five new captive insurance licenses were issued bringing the total for the year to 26.
 1. License number 1,084 was signed by AHP Insurance Co., which was formed to provide stop loss coverage for Accountable Health Partners LLC. Accountable Health Partners is a network created by the University of Rochester (New York) and is jointly owned by six hospitals and 1,800 physicians.
 2. The University of Toledo Medical Assurance Co. signed license number 1,085. The captive will provide hospital general liability and professional liability (medical malpractice) coverage for the University of Toledo (Ohio).
 3. Gravie has formed Risk Solutions Insurance Co. as Vermont's captive insurance company number 1,086. The company connects individuals and groups to public insurance exchanges, private insurance markets and other services. It will provide medical stop loss coverage for a group of employers that offer self-funded employer health plans. Gravie is headquartered in Minneapolis, Minn.
 4. Massada Insurance LLC – license number 1,087 - has been formed as a captive of the Moinian Group. The Moinian Group LLC of New York City is one of the country's largest privately held real estate firms. Founded by Joseph Moinian in 1982, the company is among the few national real estate entities to develop, own and operate properties office properties, hotels, retail space, condominiums and rental apartments. The captive will provide risk financing for the high deductible owner controlled



insurance program and will focus on workers' compensation and general liability on Moinian projects.

5. Crossroads health Service Reciprocal has signed license number 1,088. It will fund the workers' compensation and employers' liability coverage for health care organizations in Indiana that are owned by Deaconess Health System and Reid Health. Deaconess Health System has six hospitals in southern Indiana and urgent care facilities, cancer and hospice centers, and lab services in Indiana, Illinois and Kentucky. Reid Health is a not-for-profit 223-bed regional medical center in Richmond, Ind., and has numerous satellite locations in eastern Indiana and western Ohio. It is a nationally recognized leader in quality care and has been named one of the top 100 hospitals in the nation by Thomson Reuter in 2011.

Insurance Division:

MVP Fined: The Department received a check today from MVP for an administrative penalty assessed for overcharging Vermonters for colorectal screenings and services associated with those screenings. In addition to the \$70,500 paid to DFR, a refund of \$158,915 will be split among the 470 patients who were affected. MVP has agreed to conduct an internal audit to ensure future compliance with Vermont laws. The \$70,500 will go to the general fund.

Gov -

Thank you for your trust and support. It has been a pleasure working with you and your team.

All the best
Mike



Privileged and Confidential

MEMORANDUM

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

From: Christopher Recchia, Commissioner

Date: December 28, 2016

Subject: Weekly Report

Governor Level Issues:

Status of Priorities and Cases of Interest:

Presentation to current and incoming legislators on Act 56, Net Metering, and Act 174

Senator Bray initiated a briefing for current and incoming legislators with ANR, AAFM, and PSD. Recchia and Copans presented for an hour covering implementation of the Renewable Energy Standard (RES), the new net metering rule, and implementation of Act 174. Regarding the RES, it was noted that January 1, 2017 marks a milestone as all VT utilities will be required to have 55% of their overall portfolio of energy supply from renewable sources. We also touted initial plans for Tier 3 Energy Transformation, focusing mostly on VEC's line extensions and BED's electric bus proposal as innovative approaches. On Act 174, we emphasized the community interest thus far in the planning process and talked up the potential of this planning initiative to improve the way VT sites energy facilities.

Rural Utility Service – Efficiency Vermont Loan Program

VEIC has been awarded \$46 million in low interest loan funds from USDA Rural Utility Service (RUS), and has been working hard to finalize the loan documents and initiate the program. The Department met with leaders from VEIC who are working on the loan program; we learned of an issue that arose last week, which VEIC and USDA must work out in order to proceed. Efforts are ongoing to conquer this last remaining obstacle in order to begin dispensing these loan funds here in Vermont.

VGS Rate and Alt Reg Filings – Docket Nos. 8710 & 8698

On December 16, Vermont Gas reached out to the Department to discuss potential settlement talks regarding the rate case (8710). Vermont Gas, however, refused to pause the briefing schedule for talks to progress and then walked away from the table on December 22. The Department is currently drafting its initial brief, due January 10.

The parties have agreed to a resolution of the alt reg case (8698) and an MOU and proposal for decision to that effect has been circulated among the parties. So far, DPS and CLF have signed off. AARP has not articulated any concerns and is awaiting final consent from its central offices. The hope is to file the MOU and PFD before the end of the year.

GMP Request for 3-Month Extension to its Alt Reg Plan – Docket No. 8871

On December 12, 2016, GMP filed for a 3-month extension to its alt reg plan and stated its intent to file a traditional rate case in mid-April 2017. This filing is in lieu of a 1 year extension that the existing plan entitled GMP to seek. Department staff is evaluating the request and is evaluating, among other things, whether a 6 month extension may be more workable and appropriate. A prehearing is schedule for January 12. GMP seeks a final order by March of 2017.

Consolidated Communications Acquisition of FairPoint

Consolidated Communications, Inc. (“CCI”) (of Illinois) and FairPoint announced in early December that CCI will acquire FairPoint. Although neither company has filed a petition with the Board regarding the proposed acquisition, the Department understands that a petition will be filed by the end of the calendar year. I did meet with the representative of Consolidated Communications along with FairPoint representatives this past week. Department legal staff have been in communications with attorneys for both CCI and FairPoint. CCI has indicated that it would like to craft a docket schedule that will allow for completion of the docket by the end of the 2017 second quarter. The Department has informed CCI and FairPoint that it will work with the companies on proposing a reasonable schedule that allows for the transaction to be completed in the first half of 2017. The Department has also posted and circulated an RFP seeking technical expert assistance to review the transaction. The Department intends to retain financial and telecommunications network operations experts to review the transaction. Response to the RFP are due by January 11, 2017.

Meetings This Week:

Dec 26 – Christmas Holiday

Dec 27 – Darren Springer meeting

Dec 28 –

Dec 29 – VLI Call in Prep fro 1/5 meeting; VEDA Telephonic Board Meeting

Dec 30 –

Media:

Public Official Contacts: None other than Committee meeting discussed above.

Everything Else:

PERD

Act 174 / RPC Planning

- Act 174
 - Received Act 174 training summary from RPCs. All 11 RPCs hosted a training. 227 local officials attended the December trainings; 121 municipalities were represented; and 87% rated the trainings excellent or good.
 - Met with EAN and VEIC to discuss consistency of the Dashboard with RPC LEAP modeling that underpins the Act 174 standards and planning process. We eventually arrived at the conclusion the Dashboard will not be a useful tool for the Analysis standards because it is just fundamentally different. We are working to come up with some ways of bringing the two closer with modest changes to the Dashboard. This will still require resources. The Dashboard will be useful for the Pathways and Mapping standards. Department staff has offered to put down in writing the changes that would have to be made to the site in order for it to play such a role in the future.
 - Drafted amendment to pilot RPC contract to extend end date by 3 months and to add \$9K, both of which are necessary in light of the fact the standards require amendments to the plans that will not only require more time but also will likely necessitate additional public hearings.
 - Received final wind and solar maps from VCGI; settled on final in-state solar and wind numbers (based on Comprehensive Energy Plan/Total Energy Study targets and also in line with current in/out-of-state wind and solar ratios; and in combination set regional wind and solar low-high targets. Those and the maps went out to the regions, which will allow them to meet their formerly mid-December contract deliverable of final maps and analyses (deadline extended to the end of the month to accommodate the time it took for maps to be centrally completed).
 - Responded to various inquiries from RPCs about specific analysis issues including whether and how they can deviate from the LEAP. The general response is that it is fine for regions to do credible work on their own projections; however because the LEAP paints a picture of what we *would need to do*, not necessarily *what we expect to happen* – it may be difficult to integrate some types of data that are more “business as usual” projections.
 - Answered a number of questions from Chittenden County RPC, primarily around the use of particular data sources to enhance/modify the analysis coming out of the LEAP tool (slower population growth than projected, and relatively more transportation mode-switching than in the rest of the state).
 - Began building spreadsheet template that will supplement the guidance for the Analysis and Targets section of the determination standards. RPCs and towns will have the option of using this spreadsheet to develop their estimates of current energy consumption and to interpret and adjust the LEAP model results.

Energy Efficiency Utility Activities

- Demand Resource Plan Proceeding

- Staff met with VEIC to discuss statutorily required cost sharing of EEC and TEPF funded programs in proportion to benefits. Preliminary discussions indicate costs may not be correctly allocated in current practice and in the DRP modeling. Staff encouraged VEIC to seek legal advice on its statutory interpretation that Distribution Utility RES Tier III funds could be included in the cost allocation methodology to meet the obligation.

Evaluation

- Heat Pumps
 - Final meter data received. This brings the total number of ‘poor’ building envelopes in the sample to 9. Analysis and combination of this data underway.
 - Analysis showing a definite trend toward a correlation between poor building shells and lower heat pump efficiency.

Heat Saver Loan/Thermal Energy Finance Pilot

- Completed post-pilot amendments #2 for VSECU and Opportunities Credit Union and worked with finance division to send to grantees. Continuing to push towards execution of the amendments before the end of the year to ensure seamless transition post-pilot.
- Processed invoice for interest rate buydown for VSECU for November. There were 15 loans totaling \$177,478 that used \$22,131.02 of IRB for the month.
- Convened regular monthly call of program partners. Reviewed loan status to date. We are approaching \$3 million in Heat Saver Loans at the end of the pilot.
- Coordination issues with processing vermiculite loans according to the agreed upon methodology have come up at one of the credit unions. Reached out to the Office of Economic Opportunity to discuss coordination issues. OEO staff agreed to follow up with the WAP teams and specifically the coordinators whose clients are seeking financing to complete projects. OEO is conducting a meeting with the WAPs this week and will discuss. PERD staff will follow up next week to learn if there are any concerns with the methodology that need attention.

Clean Energy Development Fund

- Finalized new contract for BWR Partnership to develop the 2017 Vermont Clean Energy Industry Report; submitted for signatures and final execution. We set the start date for January 10, 2017 leading to publication by the end of March.
- Provided administrative approval for VSECU to allow “community solar” in the Windham County Solar Finance Program once again. Community solar started in the program, but was transitioned into the CEDF Community Solar Finance Program while that one operated. Now that it has closed, CEDF will allow community solar applications in Windham until that program closes in March.
- There was some sort of burn-back (or maybe just a smoke blow back) at the newly installed (and CEDF funded) chip system at Barre City Elementary school. Despite early reports there was no fire in the boiler room or school and the smoke was limited to the boiler room. The school shut off the chip system and is using their back up propane boilers. CEDF is expecting a report this week on exactly what happened.
- Received Shires Housing’s Final Report and invoice for \$15K grant reimbursement for installation of a pellet boiler (project is in Bennington). Upon review there was

information missing and we have been in contact with them to correct the invoice and complete the required reporting.

- The contract with BERC for a baseline report on advanced wood heating in Vermont was fully executed. CEDF and BERC will hold a kick-off meeting for the project/report next week.
- Continued answering questions and making program design decisions for the stove change-out program. Worked with Dept. of tax on a sales tax question (result was that customers need to pay sales tax on the full retail price of the new stove, even though the CEDF/State is paying part of it through the incentive).
- Compiled a monthly report of financial and programmatic reports for the CEDF Board.
- Spoke to PSD staff and GMP (Dostis) about a possible pilot program that would use GMP's Electric Assistance Program funds for Solar Electric Assistance Program.

Renewable Energy Items

- Attended NARUC ERE subcommittee call, at which the potential winter meeting sessions were discussed, including: updating the regulatory toolkit to deploy renewables; value of utility-scale vs. rooftop solar; carbon: a risk or opportunity?; LED streetlighting; community solar; commissioner roundtable; and EPA carbon regulations for existing power plants.
- Received summary of solar screening bylaws/ordinances from ACCD, and summary of disposition of proceedings in towns with such ordinances from PA. Will draft report for both to review prior to due date of 1/15/17.
- Received several inquiries from solar developers on whether certain projects/scenarios would fit under the preferred sites definitions in the new net metering rule. Have begun to keep a list of such inquiries in the hopes the Board might be willing to have a proceeding to flesh out the definitions.
- Provided comments on new draft net metering registration form.

Renewable Energy Standard

- Staff reviewed RES Tier 3 Annual Plans for BED, GMP, WEC, VEC, VPPSA, and CEED and filed comments with the Board.
- Composed a policy section on Tier 3 RES compliance. Pointed out that the GMP Tier 3 program is *projected* to cost significantly less for non-participating customers than other utilities, but that it is not necessary for GMP to ratebase Tier 3 measures to meet their statutory RES obligations. Provided the legal team with background information including the relevant board order and our comments on Tier 3 plans.

Power Supply

- 8710/8698 – VGS ratecase/ alt. reg. case. Reviewed VGS's proposal for decision on the alternative regulation docket. It is fine to submit to the Board. It calls for an interim PGA-only plan for a one-year term. Still waiting to hear whether CLF and AARP accept the exact language of the proposed P for D, but in principle they agreed to it.

Dockets and 248 Reviews

- Docket 8827, GMP Acquisition of out-of-state hydro facilities from ENEL –

- Received appraisers valuation report and began incorporating results into testimony addressing “need.” Compared to buying equivalent amount of power and environmental attributes at currently forecasted market prices, the acquisition pencils out favorably. However if each price forecast (energy, capacity, RECs) turned out just 5% lower the acquisition would be financially equivalent to market alternatives.
- Submitted testimony addressing section 248 criteria (need, economic benefit, and IRP consistency). Proposal was generally found to satisfy each criteria since GMP paid about as much as current market price forecasts imply it is worth.

Transportation Planning

- Reviewed potential EV Docket issues and what has been decided in other states, e.g. Oregon and New Hampshire.
- Attended (via conference call) NASEO debrief regarding VW settlement that included a discussion of their efforts to install charging infrastructure and priorities under Appendix D.
- Attended Drive Electric Vermont Stakeholder Engagement Committee. The group reviewed and discussed outreach materials and strategies regarding EVs.
- Participated in TCI Clean Vehicles and Fuels Workgroup discussion of state progress and planned comments under the VW settlement.
- Met with VEIC regarding their ongoing work coordinating Drive Electric Vermont and to review potential items for an EV docket.

Other Items

- Act 89/Section 581 - 2015 Annual Report: (a.k.a Building Energy Goal Tracking Working Group) Internal draft completed and under review. Preliminary results show that completed residential units are well below the Board’s annual goals and the trajectory needed to achieve the 2017 and 2020 goals. Average energy savings of 20% per home is also below the goal of 25% average savings goal.
- Continued working with staff from ANR and their contractor to review the Climate Cabinet’s website. Provided edits to the draft website. PERD staff anticipate that there will be at least one more opportunity to review the website next week.

Engineering

NRC Staff Outlines VY License Transfer Process

On 12/19, the State Nuclear Engineer and the Nuclear Decommissioning Citizens Advisory Panel (NDCAP) Chair teleconferenced with several NRC Senior Staff to learn more about the process for transferring VY’s reactor license to a new owner. The process will follow NRC general procedures for major reactor license amendments and should be similar to that for Energy Solutions’ purchase of the Zion Power Station for its active decommissioning. Filing a new Decommissioning Cost Estimate (DCE) is required, which will trigger revising the VY Post Shutdown Decommissioning Activities Report (PSDAR). Public meetings during the process will likely occur at NRC Headquarters, although it was noted that revised Zion PSDAR / DCE filings included a public meeting held near the Zion site. VY is expected to formally file for the

license transfer in February; the process will take at least one year.

NRC Reports Additional Delay in Releasing Decommissioning Rulemaking Bases Draft for Comments

On 12/21, NRC Region 1 Staff notified the State Nuclear Engineer that the Draft Decommissioning Rulemaking Bases document (the next step in the NRC's ongoing Reactor Decommissioning Rulemaking effort) is now expected to be issued in February 2017. The original Rulemaking schedule estimated that Draft Bases would be available in "early Fall 2016," with subsequent estimates reporting an "early December" 2016 release. In March 2016, Agencies from several States, led by Vermont's PSD and AG's Office, jointly filed a brief responding to the NRC's entire 70-plus question Anticipated Notice of Proposed Rulemaking (ANPR) Questionnaire for Decommissioning Rulemaking. Vermont expects to play a similar lead role in subsequent phases of this Decommissioning Rulemaking.

Vermont Gas Systems Addison Natural Gas Project

While the majority of the pipeline has been completed, project activity during this report period included reinstallation of permanent fencing at several above-ground facility locations. Temporary fencing was installed at other locations while work to install electrical service(s) there continues. During this report period, representatives from the Oak Ridge National Laboratory reviewed radiographic film and other documentation related to pipeline welding on the project performed 2014 – 2016. The Department Gas Engineer and Administrative Services Coordinator responded to continuing requests for records and other information from the public about the project.

Region 1 Regional Resiliency Assessment Program (Region 1 RRAP) Report Workshop

Engineering participated in this program, which is designed to assist the northeast US in assessing its needs for energy resiliency in times of severe weather events – particularly flooding. This is a multi-step program where the first focus is large power transformers that may be impacted by flood waters in the event of a 100 year or 500 year flood event. Concerns used to be for 100 year events but as the climate is changing the concerns are expanding to the 500 year flood events. The gathering of data has been problematic as geographic location of the transformers is not readily available, or if available is not accurate. The overall program direction is to develop tools such as software and databases to better study the issues and create solutions of providing backup transformers to keep the grid intact.

Finance & Economics

Electric

WEC: Tariff Filing 8628 - WEC Petition for 6.52% rate increase was received on November 16, 2016. Informal discovery with WEC is in progress, and adjustments to the COS have been made based on discovery responses. At present, Department adjustments have reduced the increase to 5.25%. The Department is engaging WEC in discussions regarding the possibility of settlement. The Department requested an extension order to allow sufficient time for a full review.

Public Advocacy

Basin Harbor Club and BHC Solar LLC Enforcement matter – Docket 8692

This is a penalty investigation into misrepresentations contained in the original CPG application

for a 150 kW net metering project. BHC Solar, the current CPG holder, is filing for a second extension to respond to the Department's Motion to Compel Discovery on Basin Harbor Club, the original applicant for the CPG. It remains unclear whether Basin Harbor Club will be filing any response at all. BHC Solar contends that the law is clear that Basin Harbor Club is not an appropriate party to this action and furthermore that the matter can be resolved without requiring Basin Harbor Club to be a party to this enforcement proceeding. The Department disagrees on both counts. Motion practice on this issue will be ongoing for another month at least.

Allocation of costs for electronic transmission of customer data by DU's to Efficiency Vermont - Docket 8316

A settlement meeting on 12/19 did not yield much progress. DU's agreed to confer with VEIC and the Department to respond to a list of potential data points to be shared with VEIC, indicating the extent to which such information exists, is currently shared, could be shared and what costs would be associated with the sharing of the data. The parties will meet again on 1/23/17 in advance of a status report due to the Board on 1/25/17.

Burlington Electric Department Request for Pre-Approval of Electric Bus Project under RES – Tier III - Docket 8866 - Burlington Electric Department has requested that the Board approve an Electric Bus- Battery Recharge Project as eligible to fulfill Tier III obligations. The Department filed comments on 12/23 supporting pre-approval of the project as a custom measure, which entails retrospective evaluation of the project and the deferral of savings claims until after the conclusion of that evaluation.

Burlington Electric Department's Request for Exemption from Standard Offer Purchase Obligation - Docket 8863

Burlington Electric Department has requested the Board grant it an exemption from the obligation to purchase a share of the energy generated by the renewable projects operating pursuant to Standard Offer Contracts in Vermont. This is permissible pursuant to statute 30 VSA § 8005a(k)(2)(B) if the amount of a utility's owned or purchased renewable energy is greater than the 100% of the energy it sells to retail customers during a given year. The Department filed comments on 12/16 supporting the exemption. Green Mountain Power filed comments on 12/21 noting that while the statute did not appear to give the Board any discretion to reject the request, the approval would cost GMP rate payers approximately 1 million dollars, because it would force GMP to purchase a greater amount of the Standard Offer renewable power output, at a cost of roughly 20 cents a kilowatt hour, which is significantly above the cost of other available renewable power.

Swanton Village Electric Department's Request for Exemption from Standard Offer Purchase Obligation - Docket 8876

Swanton Village Electric Department has requested the Board grant it an exemption from the obligation to purchase a share of the energy generated by the renewable projects operating pursuant to Standard Offer Contracts in Vermont. This is permissible pursuant to statute 30 VSA § 8005a(k)(2)(B) if the amount of a utility's owned or purchased renewable energy is greater than the 100% of the energy it sells to retail customers during a given year. The Department filed comments on 12/23 supporting the exemption.

GMP Innovative Products Tariff Filing – Docket No. 8794

The Department is preparing an internal document outlining our concerns after Docket 8794 meetings, internally and with GMP. The Department has scheduled follow up meetings with GMP staff and legal for the coming month to begin to work through these concerns.

Vermont Green Line-Docket 8847 - 400 MW electric transmission line, converter station and associated facilities to be located under Lake Champlain and in the Towns of Ferrisburgh, Waltham and New Haven. A prehearing conference was held on November 30. On December 14, the Petitioner submitted a proposed schedule to the Board. The schedule was agreed to by the Department, ANR, DHP and CLF. Other parties who have filed motions to intervene include AAFM, VELCO, BED, GMP, Addison County Regional, Northwest Regional, Ferrisburgh and New Haven. Petitioner provided a draft Protective Order to the Department for comments.

VGS-Town of Hinesburg condemnation-Docket 8643/ VSC Docket No. 2016-396

This parcel is in a park owned by the Town and is the last parcel in the Addison Expansion Project. On December 8, the Vermont Supreme Court lifted the automatic stay which was imposed by statute when the Resident Intervenors appealed the Board's grant of the condemnation petition in September. On December 14, Vermont Gas and the Resident Intervenors submitted a Stipulation to the Supreme Court extending the time for the filing of briefs and reply briefs. Appellant's brief is due January 11 and Appellees' briefs are due February 20. On December 23, Vermont Gas filed notice of dismissal of its cross-appeal in this matter; the cross-appeal raised the issue of the improper grant of intervenor status to the Residents.

GMP Hydro Acquisition – Docket No. 8827

On December 23, the Department filed testimony on GMP's request for a CPG to purchase 10 out-of-state hydro facilities. The 10 facilities are part of a larger acquisition that also includes 4 in-state facilities and 2 PPAs (with options to purchase after 10 years) for the Sheldon (Vermont) and La Chute (NY) facilities. The Department presented testimony from Econ & Finance Director Brian Winn, which described the results of an independent appraisal commissioned by the Department to evaluate the purchase price. The appraisal showed that GMP paid below market value for the plants, which is a good thing. Mr. Winn's testimony noted that this conclusion is confirmed by a Letter of Intent GMP has received from a 3rd party to purchase 2 of the out-of-state facilities at a profit (to ratepayers). John Woodward filed testimony as well, in which he found that GMP has satisfied the need, economic benefit, and consistency with the IRP portions of section 248. Stipulations are due by January 17, and given that the Department is satisfied with the acquisition, it will explore entering one to expedite the balance of the proceeding.

Entergy/NorthStar VY Sale – No Docket

Entergy Nuclear Operations, Inc., Entergy Nuclear Vermont Investment Company, LLC, NorthStar Decommissioning Holdings, LLC, NorthStar Nuclear Decommissioning Company, LLC, LVI Parent Corp., and NorthStar Group Holdings, LLC filed a joint petition pursuant to 30 V.S.A. §§ 107, 231, and 232 seeking to transfer ownership of Entergy Nuclear Vermont Yankee, LLC to NorthStar Decommissioning Holdings, LLC. The joint petition proposes that NorthStar take possession of the VY decommissioning trust and the site restoration funds with a minimum

balance of \$538M at the time of transfer to enable the start of plant decontamination, dismantlement, and site restoration work as early as 2019 and complete by no later than 2030. The petition also seeks to establish site restoration standards that will apply to the site in advance of the proposed transaction. NorthStar has proposed that all decommissioning trust disbursements related to decommissioning work elements be keyed to a capped pay item disbursement schedule to guard against overdrawing the trust funds. Performance bonding will also be attached to all major work elements, and a \$125M support agreement has been pledged to protect against any contingencies at the site. NorthStar is also proposing to remove all structures up to four feet below grade and to use non-contaminated rubblized concrete to use as fill on site. Both of these proposed site restoration standards are not consistent with the memorandum of understanding executed between Entergy and the State during the 2002 plant sale to Entergy. The Board has not yet initiated any process in this proceeding. The Department is beginning to engage with a number of other state agencies and likely intervenors to develop a coordinated approach in this proceeding.

Sheffield Noise Investigation – Docket 8653

The Hearing Officer held a status conference in the proceeding to discuss how to facilitate evaluation and decision on the competing proposed protocols for additional sound monitoring the Brouha residence submitted by the Department, Vermont Wind, and Paul Brouha. The Hearing Officer adopted a schedule that calls for submission of prefiled testimony on January 9 by the parties' respective experts, and a technical hearing later in the month. The goal is to have a monitoring plan in place that will enable monitoring (which will be conducted by the Department's expert) to start by April 1, 2017. The parties' experts continue to try to resolve a handful of technical issues that stand in the way of a comprehensive monitoring agreement among the parties. Those expert discussions appear to have stalled given Mr. Brouha's expert's erratic and arguably bad faith negotiating tactics.

Kidder Hill Wind Rule 4.100 PPA – Docket 8810

The Hearing Officer held a status conference and established a schedule for Kidder Hill Wind to respond to GMP's November 8 motion to dismiss the PPA petition. Kidder Hill has a January 9 deadline to file a response to the GMP motion and other parties may respond by January 24. The Department supports GMP's motion to dismiss.

Old Rule 4.100 Generic Ratesetting Proceeding – Docket No. 8684 – On December 15, the hearing officer issued a proposal for decision that recommends closing this docket given the effectiveness of a new rule 4.100 (which does not rely on such proceedings) on September 15, 2016. Comments are due on December 29. The Department is preparing comments that urge the Board to reject the Proposal because (1) it fails to address the issues in this proceeding and did not seek comment from the parties on closing the docket at this time, and (2) because it is premature to close this docket before first disposing of all of the pending requests for PPAs under the old rule.

Request for PPA under Old Rule 4.100 by Pequot Energy – Docket No. 8809

Pequot Energy sought a PPA under the old rule 4.100 for a 30-year PPA at Docket No. 8010 rates for a 20-MW biomass plant in Fair Haven (essentially the successor to the Beaverwood Project). GMP moved to dismiss. Pequot opposed, and on December 23, the Department

supported GMP's motion to dismiss.

Encore Renewable Energy 1.3 MW solar facility in Hinesburg – Docket 8845

The Department filed its first set of discovery requests on December 23, 2016. These requests focus on aesthetics concerns. The Department has retained Mark Kane to provide aesthetics expertise. The site visit and public hearing are scheduled for January 5, 2017.

Soveren Solar (Guilford) Investigation – Docket 8784

This Investigation was initiated by three adjoining landowners' complaints (originally filed with CAPI) regarding the aesthetics of the project and whether they received proper notice under the Board Rules. With the consent of the abutting landowners, the Department has assembled the CAPI filings and produced them to the Petitioner. The Department filed a discovery request on December 22, 2016. After a review of the file and CAPI complaint, there are significant deficiencies in the notice documentation and serious concerns regarding the method by which Petitioner materially changed the Project.

Coolidge Solar 20 MW facility in Ludlow - Docket 8685

Coolidge filed sur-surrebuttal testimony documenting the resolution of the PSD's final engineering and aesthetic issues. Coolidge requested that technical hearings commence on January 9th instead of January 4th. BED, WEC and VEC do not intend to participate in the hearings and will not seek admission into the record of their prefiled testimony and exhibits. Additionally, all parties have agreed to the admission of all pre-filed testimony and exhibits. ANR intends to file non-controversial supplemental testimony that the PSD has agreed to have admitted.

Otter Valley Solar in Pittsford – Docket 8770

The PSD's aesthetic witness has resolved the final plantings issue, leaving the PSD with no concerns regarding this project. While the PSD will not be entering into a stipulation, technical hearings are scheduled for the week of January 9th if all remaining parties enter stipulations.

Gilman Renewal Solar – Docket 8725

This 2.1 MW solar project is located on a closed landfill, and is being built as a net-metered facility pursuant to § 219a(m)(2). Following review of the filing and discovery the PSD had only one minor issue that was addressed by the Petitioner in supplemental prefiled testimony. On December 20 a technical hearing was held; it was fairly brief since the only parties, ANR and PSD, did not have any remaining concerns with the proposal.

GMPSolar Panton – Docket 8637

GMPSolar intends to commence operation. GMPSolar has just completed construction and will install the proposed landscape plantings as soon as possible in spring.

GMPSolar Hartford – Docket 8580

GMPSolar intends to commence operation. GMPSolar has just completed construction and will install the proposed landscape plantings as soon as possible in spring. GMP violated a CPG condition by not providing a copy of the rare, threatened and endangered plant survey prior to

construction. ANR does not believe the oversight likely resulted in any undue adverse impacts; but is reserving judgment until after field verification in the spring.

BED's IRP – Docket 7979

The PSB granted BED's request for an extension until January 31st for BED to file its next IRP, while mischaracterizing that BED has not implemented Condition 5 of its last IRP. The PSD has requested BED inform the PSB of this mischaracterization.

GMP-St. Albans Community Digester-Docket 8673

800 kW methane biodigester generation facility to be constructed in St. Albans. After several months of no activity, on September 28, GMP submitted a revised proposal, which Department staff reviewed. On October 25, the Department submitted to GMP a series of questions regarding the cost of the Project. Since that time, the parties have been negotiating a revised term sheet and discussing GMP's responses to our information requests. The schedule remains suspended.

Triland Williamstown Solar Project-Docket 8666

Petition to construct a solar electric generation facility of up to 2.2 MW off George Road in Williamstown. In June, ANR and the Department jointly submitted a request for an investigation and for the issuance of an order to show cause to the petitioner. These requests relate to alleged pre-CPG activity at the Project site. In a Procedural Order issued on December 1, the Board granted the Show Cause Motion and instructed the Hearing Officer to convene a status conference on January 19, 2017 to discuss next steps. In advance of the status conference, the Petitioner and ANR continue to engage in protracted motion practice regarding the admissibility of certain evidence in the Show Cause proceeding.

Public Records Requests-no docket

Requests continue to be made and responded to regarding various aspects of the construction, commissioning and operation of the VGS Addison Expansion. These involve considerable staff time.

Propane Operator Warning Letters-no docket-Eighteen letters to various propane operators regarding non-compliance with regulations and Board rules have been returned to the Public Advocacy division for a second round of editing.

Telecommunications

Cell Tower Data

PSD staff is updating a database of locations where 248a petitions for cell towers have been issued. Staff has reviewed 459 of the 661 petitions filed since 248a was adopted in 2010. There are many instances of multiple petitions for a single location but Staff identified 289 individual locations where towers are permitted. For each location, staff determined the specific coordinates for the tower site and reviewed the E-911 database for that location. Staff identified 66 locations where the E-911 database does not have an entry at that site, and 13 locations where there is an entry at the location but the entry indicates a dwelling or business instead of a tower. Staff has informed the E-911 board database administrator about the necessary updates and continues to work through the petitions to identify all carriers at each tower site where permits have been

issued.

Comcast Cable Map

Pursuant to statute Comcast submits a route map indicating where cable service is available throughout the state with its annual report to the PSD. Comcast formerly submitted a map depicting roads where its service is available. With its report last year Comcast changed to a new practice of submitting maps that depict the actual utility pole lines where its cable is attached. PSD staff developed a mapping methodology to use the information in this new format and submitted this to Comcast for review.

Central Greens Fiber Project

The Central Greens Fiber Project was part of a fiber construction program initiated by the Vermont Telecommunications Authority. The project brings middle mile and last mile fiber to the towns of Rochester, Stockbridge, Bethel, Hancock, and Pittsfield. Although the project began in March of 2015, the construction was plagued with delays. First, the project design included 1.5 miles of attachments along a transmission line, which proved to be prohibitively expensive to complete. The construction firm also placed nearly 50 attachments too high on the utility pole. The Department took over the project in July of 2015 and completed the project, as well as four other fiber projects. Last week staff received testing back on the Central Greens Construction. Although some minor questions remain about the testing, the results are overall good. Construction crews have to complete some wrap-up, which includes adding a ring cut to a 30' tail on Lilliesville road in Stockbridge and tying off coils at various locations. The construction firm was notified that work needed to be complete by the end of the year. Staff anticipate releasing the notice of availability early next week.

Fiber Project Next steps

Now that the VTA fiber projects are complete or substantially complete, the Department should focus on finishing its contractual obligations to the license agreements. The license agreement between ECFiber and the VTA call for the ownership of the assets to be transferred to ECFiber by bill of sale. The same situation exists with Southern Vermont Cable Company.

Route 132 Transfer

The Department operates a fiber network along Route 132 in Sharon. FairPoint is doing a CAFII project in the area. In addition, GMP set new poles along Route 132 so that it could upgrade its distribution and transmission capabilities at the Elizabeth Mine. As a result, the Department needed to transfer its attachments to the new poles along 132. Of particular concern to FairPoint was pole 51 at the intersection of Beaver Meadow Road and Route 132. The Department made the transfer that FairPoint needed.

2016 Connectivity Grants

In October the Department awarded grants to five broadband companies. The grants help support the expansion of broadband service in underserved areas. Staff this week prepared executable grant agreements for three of the five carriers: FairPoint, ECFiber, and Waitsfield-Champlain Valley Telecom. FairPoint has returned a signed copy. Two other agreements, one to Pear Networks and one to Southern Vermont Broadband Cooperative are pending. Awards total \$559,000.

Solar Panel RFP – the VTA received a \$1.6 Million federal grant to deploy small cell wireless units along roadways in Vermont. This effort is part of a larger \$5 million partnership with Vanu CoverageCo, a wholesale wireless carrier based in Cambridge, Massachusetts. As part of the federal project, the VTA purchased 10 solar panels (\$85,000/ea.), which will power ten small cell units in the event of a power outage. These were deployed in communities hit hard by Hurricane Irene. As part of the deployment, the firm responsible for installing the solar panels, Northern Reliability Inc., provided the Department with a maintenance proposal. The face value of the proposal was \$70,000 per year. Because of the high price tag, the Department decided to issue an RFP for maintenance service on the solar panels. Proposals are due January 13. Staff anticipate that the most bids will come in well below the \$70,000 proposal by Northern Reliability.

Comcast CPG Renewal (Docket 8301)

The Board has already held a technical hearing and all post-hearing briefs have been filed. The Department expects that the Board will issue a final ruling on the docket in the near future as Comcast's current expires at the end of the calendar year.

FairPoint Petition to Investigate 5903 Service Metrics (Docket 8701)

FairPoint has petitioned the Board to allow it to modify its existing service quality metrics and reporting requirements. FairPoint is requesting that it be permitted to report on service quality only for addresses where its customers do not have access to an alternate landline provider. FairPoint is also requesting that the Board modify the troubles cleared metric so that it is measured at 48 hours instead of 24 hours. The Department and FairPoint were unable to reach an MOU, and the Board held technical hearings on December 15. The Department presented a position that FairPoint should be allowed to modify its service quality reporting obligations, but only if the troubles cleared level is increased and FairPoint is required to pay enhanced bill credits of at least \$5/day for outages that exceed 72 hours for customers without access to a competitor. Briefs are due in late January, and reply briefs are due in February.

Department Petition for an Investigation into VoIP Services (Docket 7316)

On December 9, 2016, the Board issued a proposal for decision ("PFD") which finds that the Board has authority to regulate VoIP voice products as telecommunications services under Vermont law. The Docket, which was opened after a petition from the Department, has been pending since May, 2007. A previous Board order was remanded by the Vermont Supreme Court, which found that the Board needed to determine whether VoIP service was a telecommunications service under federal law. The Board's PFD finds that VoIP voice is a telecommunications service, and there are no federal laws, regulations, or administrative decisions that prevent Vermont from regulating VoIP products as telecommunications services. The PFD, however, does not address the scope or manner of regulation of VoIP services. Those issues are to be resolved in a second phase of the docket. The Board is allowing for parties to file comments in response to the PFD before January 22, 2017, and the Department anticipates that if the PFD is adopted by the full Board, there will be an appeal to the Vermont Supreme Court from Comcast or one of the other parties to the docket.

E-911 Investigations (Dockets 8842 and 8850)

The Board has docketed two separate petitions that request an investigation into various issues related to the E-911 system.

Docket 8842 was opened after a petition was filed by Stephen Whitaker and Charles Larkin. The petition requests an investigation into several E-911 outages, but also requests that the Board review several other issues, including redesigns to the CoverageCo project overseen by the Connectivity Division, the Department's 10 year Telecommunications Plan, and battery backup for VoIP providers. They are also requesting that the Board appoint an independent advocate to review all of the issues presented in the docket. The Board requested that parties provide briefing on the issue of the Board's subject matter jurisdiction. At the request of FairPoint, the Board has suspended its briefing schedule and scheduled a prehearing conference for January 12 for parties to address various preliminary issues related to the docket and Board jurisdiction. The petition has received opposition from the E-911 Board, FairPoint, Comcast, and a trade group that represents VoIP providers. The Department intends to recommend that the Board dismiss the petition in its entirety for lack of jurisdiction.

Docket 8850 was initiated by a Department petition. The Department is requesting that the Board investigate the circumstances which led a disruption of traffic to the E-911 network on January 5, 2016. The Department is also requesting that the Board investigate whether there are any changes that should be made to FairPoint's network design to reduce the risk of future disruptions of traffic to the E-911 network. The petition was docketed, and the Board set a prehearing conference for January 12, 2017. The Department posted an RFP for a technical expert witness to assist the Department's investigation and received one bid prior to the December 21, 2016 deadline. Department staff will contact the bidder to begin the process of contract negotiations.

Telecommunication Relay Service:

Last week FCC Open Meeting Rulings were issued on a transition to Real Time Text (RTT). As the sole discussion topic at the most recent FCC meeting, the commissioners passed an order that encouraged the transition of technologies to utilize the RTT standards. Each commissioner issued a statement following this ruling that was passed. While not all that was desired by some was considered in the ruling, it is something all commissioners see as a step forward.

Connectivity Outreach:

Staff has scheduled a meeting for 1/9 with a community group in Pownal, and is preparing information, mapping, and materials for the meeting with regard to the current state of connectivity and future options. This particular group of neighbors live in one of only areas not considered to be served at a speed of 4 Mbps/1 Mbps.

Consumer contact:

Shaftsbury: Connectivity staff spoke was contacted by a Legislator regarding the difficulties one of their constituents has experienced with internet availability in Shaftsbury. Staff reviewed this location and compared it to information in our database. According to records, the address is within the VTel ARRA territory, as well as the FairPoint CAF II territory. This means that the address may be in an area with planned broadband expansion projects. Staff reached out to FairPoint to see if internet service was available, and FairPoint indicated that the consumer currently has telephone service through the company, but internet is unavailable because the

location is too far away from the closest central office. FairPoint also verified that there are currently no CAF II projects planned for this area. Staff also reached out to VTel to inquire about available services. VTel stated that this consumer may be able to access a usable signal for 4G LTE wireless internet service with use of an indoor modem. If the indoor unit did not receive a strong enough signal, the outdoor antennae should be able to receive a strong enough signal for home use. Staff conveyed this information to the Legislator and the consumer. Because it is not currently listed as being served at a speed of 4 Mbps/1 Mbps, the location is considered eligible for the current Connectivity Initiative RFP. A service provider could submit a bid to provide service to this location, should they wish to expand service in this area.

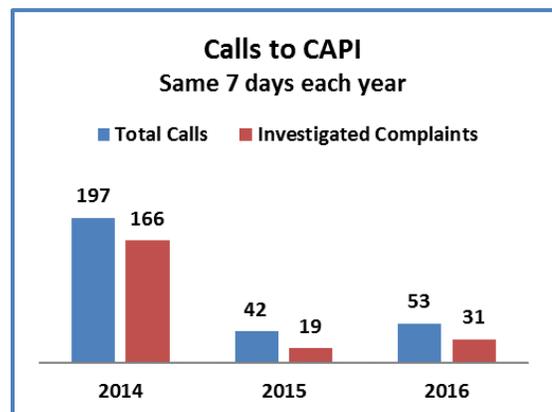
Connectivity Initiative Grant Round 2 Proposals

Staff published the RFP on November 14th along with the interactive map and associative underserved addresses to the PSD website announcing the next round of 2016 grants as part of the Connectivity Initiative. Three internet service providers submitted almost 1,500 location challenges and staff updated the dataset and republished on the PSD website.

CAPI

Report period for 12/11 to 12/24/2016 however data is limited to the period 12/18 to 12/24.

FairPoint -- CAPI and Telecom had a conference call with FairPoint about changes to the Lifeline program allowing for broadband discounts. FairPoint described how the company will handle requests for Lifeline discounts on broadband service and explained why this discount may not be advantageous for most customers. CAPI acted as an expert witness at the technical hearing for the FairPoint service quality docket. Lifeline – CAPI participated in a conference call held by ESD for its call center, marketing and outreach staff and others to plan and discuss changes needed on the website and to the application for 2017. CAPI reviewed the RFP drafted by Telecom to solicit consultants for the Consolidated Communications merger with FairPoint.



Database -- CAPI met with JTI to review changes to the database, made additional edits, reviewed reporting needs and created a plan for addressing the design of our reports. We will be working to get the new database implemented in February.

Green Mountain Power -- CAPI reached out to GMP about a potential conflict in the company's tariff. GMP charges customer a fee of \$20.00 to set up service both for new customers and customers who are changing location. Tariff language states that the fee will be charged for a customer to establish a "new account". GMP's current practice is to transfer a customer's account number to a new location rather than give the customer a new account number, so there is a question whether it should be considered a new account. GMP's position is that the process is still the same, and GMP staff still needs to put in the same amount of work with a transfer as they would a new account. CAPI is considering its next steps, if any, beyond its ask of GMP to consider changing customer fees in the 2018 rate case to adjust for cost savings to the company due to smart meters. We suggested VEC's model which charges one fee to new customers and a

lower fee to existing customers who are changing location.

CASE OF THE WEEK

FairPoint -- a business customer with offices in Williston called CAPI about a DSL outage that had occurred several days before. FairPoint had been notified about the loss of service at the time, but the consumer still had no information as to when service would be restored. FairPoint had previously notified CAPI that all customers' services had been restored the same day the outage occurred. CAPI contacted FairPoint upon receiving the complaint from the consumer and the company dispatched a technician the next morning.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Paul Dragon, Acting Secretary, Agency of Human Services
Re: AHS Weekly Report
Date: December 28, 2016

Secretary Update:

Dear Governor Shumlin,

Thank you so much for the opportunity to serve as Secretary of AHS over the last two years. It has been an incredible life experience and a pleasure to work with you and all of your staff. All the best for a very happy new year.

Warm Regards,
Hal

Ps. I'm already back to the office for a couple hours and my recovery seems to be going well.

Vermont Department of Health (VDH):

Provider Complaints Received by Vermont Department of Health

On Friday, December 16th the Vermont Department of Health, Division of Alcohol and Drug Abuse Programs received four formal complaints against Maple Leaf Farm. Maple Leaf Farm provides residential substance use disorder treatment in Underhill as well as outpatient substance use disorder services in Colchester. The complaints are focused on the residential program in Underhill. Along with the complaints, ADAP has received copies of a complaint filed with the Office of Professional Regulation against Maple Leaf Farm's CEO and Clinical Director. The Department is reviewing the complaints to determine next steps.

ADAP was also notified by Maple Leaf Farm that due to staff vacancies, they will be reducing the number of admissions. They have reduced the number of beds available from 41 to 20 until additional staff are hired.

Department of Mental Health (DMH):

Emergency Departments

This week saw 16 individuals needing inpatient level of care and 12 were admitted. There are currently 2 involuntary adults who are waiting for placement. Both individuals have been waiting for less than 12 hours and both are expected to be admitted later today. DMH care managers are continuing to follow one voluntary adult, who initially presented for hospitalization and is now awaiting nursing home placement. The individual is scheduled to be assessed by a local nursing home this week and may be able to be admitted soon. Multiple state and local partners are working together to facilitate this admission. There is one additional voluntary adult who has been waiting for less than 12 hours. There were no children needing inpatient care, involuntarily or voluntary, this week. There were no court ordered individuals this week.

The overall occupancy rate for adults was 94% and 67% for the children's inpatient units. Decreased occupancy rates paired with less demand for inpatient psychiatric beds has resulted in shorter wait times for individuals presenting for inpatient care this week.

Department of Corrections (DOC):

Population

The Department's incarcerated population averaged **1762** for the previous week. Last year at this time, the average was **+30** over the current number.

The Department's incarcerated male population averaged **1618** for the previous week. Last year at this time, the average was **+26** over the current number.

The Department's incarcerated female population averaged **144** for the previous week. Last year at this time, the average was **+5** over the current number.

The Department's overall detainer population averaged **419** for the previous week. Last year at this time, the average was **+4** over the current number.

The out of state population is currently at **266**. Last year at this time, the out of state population was **-25** under the current number.

Department of Disabilities, Aging and Independent Living (DAIL):

Department Inadvertently Discloses Proprietary Information

DAIL recently discovered that we had inadvertently disclosed proprietary bidder information to other bidders after the conclusion of an RFP process for development of a nurse aide competency evaluation. Although we have confirmed that we have sovereign immunity for this situation, we hope to behave in good faith with our bidders and mitigate any damage. The chronology of events is below:

-DAIL issued RFP for Nurse Aide Testing Evaluation on May 2, 2016

-DAIL received 3 bids

-Upon selection of the winning bidder, all bidders were notified

-On July 13, 2016, one of the non-selected bidders submitted a PRR requesting, among other things, copies of all of the submissions, excluding its own.

-Since, at the time of the request, DAIL had not contracted with the selected vendor, the Department notified the requestor of the public records exemption prohibiting the disclosure until such time as the contract was executed. The Department further advised the requestor that upon submission of a renewed request, the Department would disclose those materials not otherwise exempt under the law.

-The requestor renewed its request several times; on October 12, 2016, after the contract had been executed, the Department provided the requested materials; however, it inadvertently failed to redact the pages of the two vendors' submissions that had been marked as "confidential" or "proprietary."

-On December 14, 2016 the Department discovered its error, and, on the advice of the AGO, has reached out to the selected bidder/contractor to advise of the error. The Department is awaiting a response from its contractor and will be reaching out to the other bidder, as well.

-Whether the Department seeks the retrieval/destruction of the disclosed information or takes no further action will be dictated by the wishes of the bidders whose information was disclosed.

-The AGO had advised that the State has sovereign immunity under these circumstances.

Greensboro Nursing Home in Crisis

DAIL was invited to attend an emergency meeting at the Greensboro Nursing Home this week. Although we could not attend, we arrange for the AHS Rate Setting Unit to be in attendance to support the Greensboro Director. There are issues of financial solvency and staff shortages as well as a turnover in leadership positions that are causing the facility to self-identify as in crisis and on shaky ground in terms of continuing services. The Greensboro Director reached out to a broad community to invite attendance at this brainstorming meeting. Notably in attendance were newly elected Representative Dave Yacovone, a former director at Greensboro, and Patrick Flood, former Commissioner at DAIL and a former AHS Deputy Secretary.

Department for Children and Families (DCF):

Thank you to Governor Shumlin and Secretary Cohen

DCF Leadership would like to share our appreciation and gratitude to Governor Shumlin and Secretary Cohen for your support of our Department; our programs that support vulnerable Vermont families, children and individuals; and for your support of our staff. The loss of Lara Sobel had a significant impact on all of us, and on our Family Services' staff in particular. We are all grateful for your genuine heart felt support of us during that trying time. Thank you.

Department of Vermont Health Access (DVHA):

Vermont Health Connect *Smooth Open Enrollment Continues*

With over 70,000 incoming calls, call volume at the Customer Support Center has been nearly 30 percent higher than it was over the first seven weeks of open enrollment last year, but performance has been much better than both last year and the goal. Over four in five (84 percent) calls have been answered within 24 seconds, compared to 55 percent over the same period last year and to the goal of 75 percent.

Customer Support Center Vermont Health Connect Prepared for Last Major Hurdle of Renewal Season

Having integrated with carriers' systems and passed the December 15th milestone, Vermont Health Connect is preparing to run the year-end business process known as BP3 on January 1st. This process allows changes to be processed on cases during the year and was a source of delays in change processing last winter. As of December 20th, over 99.96 percent of cases had already passed quality checks and were deemed ready to go through the business process. This status gives the team confidence that its progress on timely processing will continue into the new year.

Other items for consideration:

Vermont Department of Health (VDH):

Epi Pen

The Emergency Medical Services Office is finishing preparations for the epinephrine “Ready-Check-Inject” Project. This project will offer a lower cost alternative to epinephrine auto-injectors to Emergency Medical Technicians, primary care physicians, nurses and allergy patients across Vermont.

Narcan

VDH is working to train and supply partners across the state to ensure the availability and adequate supply of the life-saving drug, Narcan, which is used to reverse the effects of an opioid overdose. Supplies and training have recently been delivered to twelve District Offices of the Vermont Department of Health across the state, as well as the Department of Public Safety at St. Michael’s College, the Chittenden County Sheriff’s Department, the Safe Harbor Warming Shelter in Burlington, and the COTS Day Station in Burlington.

Vermont’s Infant and Early Childhood Mental Health Consultation Systems

In partnership with DCF, DMH, Building Bright Futures, and other private partners, VDH is applying for three years of intensive technical assistance to advance Vermont’s Infant and Early Childhood Mental Health Consultation systems, including planning, implementation, evaluation, and sustainability efforts. The opportunity is provided by the Substance Abuse and Mental Health Services Administration (SAMHSA)’s Center of Excellence for Infant and Early Childhood Mental Health Consultation. Mental health consultation empowers caring adults to build stronger relationships with children so that they feel safe, supported, and valued, both at home and in care settings. Investing early in kids this way pays off: They are more likely to lead healthy, productive lives at a lower cost to society.

Department of Mental Health (DMH):

Vermont Psychiatric Care Hospital

VPCH census is 25. The Associate Director of Nursing announced retirement plans this month which will leave vacancies in the hospital’s two key nursing administration positions. The VPCH Director of Quality, Scott Perry, has agreed to serve as the interim Chief Nursing Executive (CNE) while the search for a permanent CNE is underway. An Associate Director is also expected to be appointed on an interim basis. These two retirements and reallocation of nursing staff for administrative roles will place additional demands on direct care nurse staffing numbers. The hospital continues to advertise and hire permanent and temporary nurses and mental health specialists for current vacancies.

Commissioner Reed and VPCH, CEO Jeff Rothenberg, met with Copley CEO, Art Mathisen, this week to explore the hospital’s interest in continuing to provide contracted pharmacy services to VPCH through SFY 18. Copley Hospital has undergone administrative changes in the past year and the duration of the current contract for pharmacy services had recently been raised by their relatively new CEO and COO. Following discussion and overview of the administration transition and potential challenges to earlier modifications in pharmacy services, Mr. Mathisen confirmed that Copley remains amenable to its partnership with the VPCH in the near term. Copley Hospital will provide the services and contracted personnel to VPCH for an additional year unless the state wishes to explore alternative options before June 30, 2018. The availability of this option for the next 18 months will allow the feasibility of new FTE allocations for SFY 19 or new contracted services partnerships with other hospitals to be explored.

Department of Corrections (DOC):

High Risk Law Enforcement Notification

Oscar Delgado JR (DOB 10/26/1983) will be released on furlough status on 12/27/2016 and will be supervised by CSS Marvel out of the Barre office. Delgado will be residing at 47 Brooklyn St, Barre VT 05641. This residence has been set up by Pathways and he will be working with them upon release. The residence has been run through the "Bright Futures" website and there are no registered day cares in the area. Delgado will be released compliant with treatment as he completed VTPSA in the facility. His case was staffed April 6, 2016 and his release was approved once a suitable residence was found with Pathways. Delgado will be required to engage in programming in the community. CSS Marvel has sent the law enforcement notification out via email and has followed up with law enforcement to verify receipt.

US Marshal visit to NWSCF

The US Marshal for VT, David Demag, visited the Northwest State Correctional Facility on 12/20/16. Marshall Demag was there to present certificates of appreciation to staff. The DOC entered a collaboration with the USMS earlier this year for transporting of Federal inmates. This collaboration has allowed the USMS to reduce their reliance on a private transport contract by training DOC staff to conduct these federal transports. The collaborative generates additional revenue to the State.



Health Issue at SESCOF

Two cases of MRSA have been confirmed at the Southeast State Correctional Facility. The health Department is aware. In order to prevent further spread we have stopped inmate movement in and out of the facility.

Honor Guard to Arkansas

Two members of the DOC Honor Guard will be representing the Department at the funeral of a slain Correctional Officer in Arkansas this week. On 12/19/16, Correctional Officer Lisa Mauldin was killed by an inmate at the Miller County Detention Center. Another Correctional Officer was severely injured in the incident. This is a picture of our Honor Guard, but not in Arkansas.



Department of Disabilities, Aging and Independent Living (DAIL):

DAIL Survey and Certification Presenting to the Green Mountain Care Board

Our Survey and Certification Unit has been invited to present to the Green Mountain Care Board on **Thursday, January 12, 2017**, at a regularly scheduled, public Board meeting. This is an opportunity for the Board to understand the depth of the regulatory function performed by the Division of Licensing and Protection in overseeing the nursing home sector.

Meeting with the Home Health Association

DAIL was invited to attend a meeting with DVHA and the Home Health Association to discuss the financial stress the Home Health organizations are experiencing and their need to supplement Medicaid programs (notably Choices for Care) with their own fundraising. Their specific request was for an annual % increase, matching those that hospitals or nursing homes receive, in order to ensure their ability to continue to provide hospital/nursing home level care in the community.

Department for Children and Families (DCF):

Family Services PIP is Approved

In June 2015, VT participated in the 3rd round of the Child and Family Services Review, the federal quality assurance/improvement review required of all states. VT did not pass the review which was not a surprise as no state has ever passed the CFRS. We received a letter on December 20th that our Program Improvement Plan (PIP) has been approved. There is much more to come on this, yet we are excited to have an approved path forward.

CFCPP to award grant to the Association of Africans Living in Vermont

The Children and Family Council for Prevention Programs (CFCPP) is the federally designated State Advisory Group that monitors juvenile justice and awards grants that address a range of areas related to juvenile justice and prevention. CFCPP's sub-committee on disproportionate minority contact released an RFP earlier this fall to address the overrepresentation of youth of color being referred to court and placed at the Woodside Secure Treatment Center. The CFCPP received four applications and determined that the apparently successful bidder is the Association of Africans Living in Vermont (AALV). One of the proposals greatest strengths is the core engagement and implementation of the project by community members most affected by the disparity.

Once the grant is awarded, AALV will work to divert new American youth from court interventions and Woodside via community resources such as:

- A youth recreation and learning center run in conjunction with AALV outreach staff, Vermont Psychological Services, and Burlington Parks and Recreation Department. This center will provide services afterschool, in the evening and in the summer.
- Work with youth and families to implement Multi-Systemic Family Therapy, an evidence-based program effective with delinquent and at risk youth.
- Expand parent support groups in new American housing neighborhoods.
- Resume an African men's mentoring network.
- Develop and implement an interdisciplinary workgroup of community, faith, consumer, court, police, DCF and other services to prioritize and monitor system changes at community level.

Department of Vermont Health Access (DVHA):

Audits

Audits currently in process, going public or up and coming – week of 12/21/16

KPMG 2016 A133 Single Audit - Medicaid Audit ongoing

KPMG 2016 CAFR audit wrapping up

SSG Legislative VHC Assessment Review- reports are being drafted.



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**CONFIDENTIAL AND PRIVILEGED
MEMORANDUM**

TO: Governor Peter Shumlin *PS*
FROM: Rebecca Holcombe, Secretary, Agency of Education
SUBJECT: AOE Weekly Report
DATE: December 28, 2016

Not much going on this week.

Emerging Issues

MOU with DOL

AOE is still waiting to hear from DOL on the draft MOU that will provide us with employment data on Adult Education students that I required for our annual federal reporting. I am working with Annie to see if we can get this over the finish line before the end of the administration. I am very worried that if we transition before it is done, we will have to go back to square 1, as all the existing knowledge is lost.

PK and second census count

We will finalize the second census count in January, in anticipation of legislative action to accept the second count. We have been working closely with school business managers and feel we can have a count that is accurate for the purposes of setting the tax rate, even if fingerprinting continues to be delayed.

Indication of breach of services by CIS/VT Family Network

Children's Integrated Services and the Vermont Family network provide early intervention services for AHS/CDD (VFN/CIS are the direct service providers for CIS Early intervention Part C.) VFN/CIS recently sent out a letter to families telling them they could not afford to provide services and directing them to file an administrative complaint with their school districts to force payment for more services. To be clear: VFN/CIS is serving as a contractor and doesn't want to adhere to the contractual agreement for services. AHS/CDD is working to compel them and we support these efforts. The risk to the state is that in the interim, the children don't get services to which they are entitled, AHS bears the risk and obligation, and the complaint process runs through school districts and the AOE. Basically, VFN has a model it prefers that isn't the model chosen by CDD and which is also more expensive. VFN is trying to leverage denial of services to get increased funding. Effectively, if and as parents file complaints, AOE will be obligated to order AHS/CDD to comply with itself by making its

contractors provide services they were hired to provide. This is a risk any time a government entity depends on a private contractor in a state without a lot of competition. We are supportive of CDD's efforts to implement a corrective action plan, and mindful of the challenges of relying on nongovernmental entities for delivery of essential services to which recipients are entitled in law. We cannot control costs if we are held hostage by external vendors.

Media Contacts:

Mike Faher, VTDigger: Mike emailed asking for an explanation of the "hold harmless" provision of Act 46 and how it's changing under the statute. Stephanie worked with Brad James to create an explanation and she helped Mike.

Tiffany Pache, VTDigger: Tiffany asked for enrollment numbers. Haley provided her with a link to the Budget Book. She later, along with Representative Oliver Olsen, asked Bill Mathis to confirm if the independent school rules were updated in 2010, 2006 and 2007. Clare went through the changes and found that the changes to the 2200 rules in 2006, 2007 and 2010 were primarily precipitated by changes in the federal special education law rather than in independent schools *per se*.

Amy Ash-Nixon, Caledonian Record: Amy asked for a copy of the Kingdom East Act 46 report. Haley sent her a link to the agenda item.

Lesley Engle, Local 22: Lesley asked for photos from the Teacher of the Year ceremony. Haley sent her several.

Eric Blaisdell, Times Argus: Eric asked for the time and location of the TOY ceremony.

World Publications: They asked for a photo from the TOY ceremony. Haley sent one.

Emerson Lynn, St. Albans Messenger: Emerson asked if Secretary Holcombe would be considered for the Secretary position. Haley told Emerson that Rebecca is applying and the Board may consider her for one of its three recommendations to Governor-elect Scott.

Aki Soga, Burlington Free Press: Aki asked for a phone number for David Younce after receiving a copy of David's letter to the editor.

Executive Privilege

TO: Governor Peter Shumlin
FROM: Secretary Chris Cole
DATE: Wednesday, December 28, 2016
SUBJECT: VTrans - Confidential Report to the Governor

NOTES FOR GOVERNOR

Last Weekly

This is my last weekly for you Governor; it's been an honor and a pleasure to serve in your administration. Good luck with your future endeavors. Living in the moment, something extremely challenging to do, brings true joy and happiness. You had the best job in Vermont, but it's also the toughest job. Thanks for your service.

I-89, Exit 16, Diverging Diamond Interchange (DDI)

Counsel for R.L. Vallee, Inc. (Maplefields) has appealed the Act 250 Land Use Permit for the Exit DDI 16 project, which was issued by the District 4 Environmental Commission on November 28, 2016, to the Environmental Division of the Superior Court.

In a related matter, and under the heading of "You Just Can't Make This Up" the Conservation Law Foundation (CLF) has filed motions with the Environmental Court to intervene in support of Maplefields' appeal of the stormwater permit issued by the Agency of Natural Resources for the Exit 16 DDI project and Maplefields' appeal of a September 8, 2016 letter to Maplefields' counsel from Padraic Monks, Stormwater Program Manager of the Department of Environmental Conservation. Monks' letter was a response to a letter from Maplefields' counsel complaining that VTrans had violated its Municipal Separate Storm Sewer (MS4) permit by discharging phosphorus and chloride into Sunnyside Brook.

NOTES FOR STAFF

Champlain Parkway

Met with ANR DEC staff on 12/20 to discuss soils management options, specifically, the potential to manage lightly contaminated soils under roadway projects. VTrans and DEC will continue to explore this option which could result in significant project costs for contaminated soils disposal, as well as reduce materials entering landfills which could be appropriately managed in another manner. The City of Burlington will be updated on this development once additional information on next steps is received from DEC.

Forest Fragmentation Legislative Report

VTrans continues to have concerns regarding any proposed changes to Act 250 criterion and asked the Commissioner of FPR that an inter-agency dialogue continue in the months ahead.

Electric Vehicle Fee Legislative Report

The report is complete and has been delivered to the legislature. The report describes the challenges that transportation revenues are facing due to increased vehicle efficiency for all new vehicles, the small effect EVs currently have on the T-fund, state goals, plans and policies regarding GHG reduction, energy, and air quality and the role of EVs, and a recommendation that fees not be put in place until EV's represent 15% of new car sales.

Wetlands Rulemaking

VTrans will be participating in DEC's stakeholder meetings in January and reaching out to DEC to explore possibilities regarding a VTrans transportation "allowed use".

Keep on Trucking

DMV Inspector Hanley conducted a consent search on a CMV at the Williston Inspection Detail. Marijuana was located in the vehicle. After being screened for impairment, the driver was placed out of service for possession of marijuana and no log book; CMV was towed. Three tickets were issued. Driver was also company owner and said he didn't know what the big deal was as all his drivers smoke marijuana.

Swanton Wind LLC, Public Service Board

The PSB has set Tuesday, January 3, 2017 as the date for a "workshop" ("to provide non-petitioning parties and potential intervenors an opportunity to ask Swanton Wind questions about the proposed project in order to better understand project details..."). The deadline for filing motions to intervene is 11 calendar days after the "workshop."

Swanton Wind, LLC is seeking a certificate of public good (CPG), pursuant to 30 V.S.A. § 248, for the construction of an up to 20 MW wind-powered electric generation plant powered by up to seven wind turbines, located along Rocky Ridge in Swanton, VT. The proposed wind farm project site is approximately seven miles from the Franklin County State Airport in Highgate; some local aviation interests have suggested that the wind turbines would compromise the safety of the airport's approaches.

Here is a link to the filings in the PSB's Docket No. 8816:
<http://psb.vermont.gov/docketsandprojects/electric/8816>

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Deborah L. Markowitz
Agency Secretary

Trey Martin
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: Wednesday, December 28, 2016
Subject: ANR Weekly Report

Governor Level Issues:

EVERYTHING ELSE:

Legislative Issues/Testimony:

House Fish & Wildlife Enforcement/Legal Strategies mtg: Environmental Compliance Division, with the Office of General Counsel, is in the process of setting up a meeting with Rep. David Deen, HFWWR Committee Chair to discuss enforcement, legal strategies and priorities.

Universal Recycling Meetings with Rep. Marcotte and Sen. Rogers: DEC staff met with Rep. Marcotte and Sen. Rogers individually to discuss the letter DEC Commissioner Schuren received from Coventry, Newport City, Barton, Lowell, and the Northern Vermont Development Association about reversing the ban on food scraps in favor of keeping them in the landfill to supply methane gas to Washington County Electric's (WEC) landfill-gas-to-energy project. We explained that NEWSVT (Coventry Landfill) had accepted an increased amount of Municipal Solid Waste since the closure of the Moretown Landfill and that WEC is unlikely to see gas reductions as a result of Vermont's Universal Recycling law. We also explained the options for organics collection in Coventry and surrounding towns and the organics hauling exemption that is available. The meeting with Sen. John Rogers covered similar information and while he still has issues with how recycling has to be bundled, he is generally in favor of composting and

appreciated hearing about the organics hauling exemption and other flexibility in the law. He then talked about his real concerns about wind energy in the NEK.

Press Issues/Releases:

Fish and Wildlife Press Releases: Snow Provides Wildlife Tracking Opportunities; Birders Should Join Audubon Christmas Bird Count; VT F&W Offers Ice Safety Tips

Significant Events/Meetings:

Leaders of LEAN Meet with Transition Team: The Statewide Lean collaboration group – ANR, AOA, AHS, VTrans - met with appointees Tayt Brooks and John Quinn last week to discuss the current and future status of Lean in Vermont state government. The main intent of the meeting was to provide some background on the genesis of the Lean Initiative at DEC and VTrans, talk about the various ways we've been collaborating with other state agencies to grow the program in the absence of a statewide initiative, and to get a sense of where Lean falls in the Governor-Elect's plans.

LEANing the Seasonal Workforce: The Parks Division LEAN event last week finished as a major success. There are several large ideas to advance making the process and administrative burden of hiring and managing the seasonal workforce simpler and easier.

Drought Task Force: DEC continues to participate in the Drought Task Force meetings at VEMHS to review the most recent streamflow, groundwater level and precipitation information. Drought conditions have eased although an area around Hartland remains under a severe drought or D2 condition. The Task Force is currently reviewing the Drought Management Plan.

SUMMARY OF KEY DEPARTMENT ACTIVITY

Office of the General Counsel (OGC)

ANR v. Vermont Gas Systems, Inc.: Assurance of Discontinuance entered as a Court Order in Harsh Sunflower Taking: On December 7, 2016, the Superior Court, Environmental Division, entered an Order approving the Assurance of Discontinuance signed by Vermont Gas Systems, Inc., on October 26, 2016. Under the terms of the AOD, Vermont Gas agreed to pay a \$33,687.50 penalty to resolve a violation for taking seventy-seven separate state threatened harsh sunflower plants without a permit. Pursuant to the AOD, \$10,828.00 of the penalty may be directed toward a supplemental environmental project.

Act 250, Garvey Nissan Proposal in Clarendon: The District 1 Commission held a hearing on December 20 regarding the applicant's request to obtain a land use permit for a new car dealership on Route 7. The Agency provided written comments and verbal testimony regarding the project's compliance with Criterion 9L. The Agency's review concludes that the project is

located outside of the area defined by statute as an “existing settlement” and that mitigating measures should be taken by the applicant to minimize the characteristics of strip development associated with the project. Mitigating measures recommended by ANR include improving connectivity of the site and planning for future growth by establishing easements for pedestrian and multi-use paths along the north side and east side of the parcel. The Applicant was also asked to evaluate whether there is any opportunity for moving the building closer to the road (because a broad road frontage is a characteristic of strip development). VNRC also participated in the hearing and provided comments that concur with the Agency’s analysis under 9L. VNRC has asked for mitigating measures similar to those requested by the Agency (such as the pedestrian/multi-use paths), and also recommended adding a second story to the building. Town officials from the Clarendon Selectboard and Planning Commission attended the hearing. The Town voiced its approval for the project, but expressed some frustration with the Criterion 9L review process. The Town takes issue with the interpretation and application of the statutory definition of “existing settlement”. Additional discussions are ongoing between the Agency and the Applicant’s attorney regarding mitigating measures. The District Commission has issued a post-hearing recess order that directs the applicant to provide a response by January 10 to the recommendations from ANR and VNRC regarding easements for multi-use paths or walkways and building design.

Office of Planning and Policy (OPP)

South Burlington City Center and Snyder Homes: The Agency received a letter from Snyder Homes on Friday responding to a series of questions posed by the DEC wetlands program intended to determine whether the South Burlington City Center project had exhausted all practicable opportunities to further avoid and minimize impacts to significant wetlands associated with the project proposal. The 10-page letter provides a good level of detail regarding the alternatives the project sought to avoid impacts and reasons why further reductions are not practicable. The wetlands program will review the letter and respond with any follow up questions; if the project demonstrated they have satisfied the avoidance and minimization requirements of the Vermont Wetland Rules, there may be an opportunity to explore offsetting impacts through mitigation and/or compensation.

The wetlands program has also raised questions as to whether the project could obtain a state water quality certification even if a wetlands permit is ultimately issued; that question remains unresolved.

PSB Net Metering Application Form Review: OPP provided PSB comments on the Board proposed new application form for net metered projects 15kw to 50kw in scale; under the new net metering rule scheduled to go into effect Jan. 1, 2016, larger projects would need to file a full petition. Comments focused on ensuring applications and associated site plans provided sufficient clarity and detail for ANR and other parties to successfully review projects during the limited comment period without seeking additional information from applicants; thereby delaying the process.

Swanton Wind Workshop: OPP director will attend a PSB-sponsored public meeting on Tuesday, 1.3, in Swanton. The meeting is intended to provide interested citizens information about the proposed Swanton Wind project, so that the public is informed about the project and process prior to the deadline to seek intervenor status. The meeting was a result of requests from community members to the Board for more information.

New Applications: Week of December 19th, OPP received 4 new Act 250 applications and 8 new Section 248 petition.

Environmental Conservation (DEC)

Green Mountain Power Permitting Implications: The Permits & Engineering Section held an informal meeting with representatives of Green Mountain Power to discuss overlapping issues. Topics of discussion included: use of emergency generators for peak power production, the potential for increased use of existing peak power generating plants (gas turbines and diesel generators) as a result of increased reliance on intermittent renewable power sources, the potential for new traditional power plants, how demand charges can incentivize dirty self-generation of power, how power updates, how RECs may influence wood and other renewable power generation, and the permitting implications of all of these.

Water Outages: Water outages have been reported in several systems in the past two weeks, including Tri-Town Water District, Hillside Mobile Home Park (Starksboro), and Ascutney Hospital. These have been related to line breaks and leaks, rather than drought conditions. The Catamount Bolton system is experiencing problems which may be more related to drought, but is under assessment. These events are summarized in the following reports:

Tri-Town Water District—Tri-Town water system experienced a transmission line break, Thursday December 15th. Over the weekend, fires and another line break contributed to multiple issues for the water system, and caused the system to be depressurized. Upon notification, DEC immediately directed the water system to issue a boil water notice by using the media, posting in public places, and notifying the selectboards of Bridport, Addison, and Shoreham. The water system has resumed normal operations, with measurable disinfectant throughout the water system.

Hillside Mobile Home Park—A portion of the Lazy Brook Mobile Home Park located in Starksboro contacted Division staff Tuesday saying that the Hillside portion of the system was without water. This is a remote and isolated portion of the larger Lazy Brook Mobile Home Park system. There was a leak in the distribution system within Hillside which drained the tank and system. The Hillside portion of the system was placed on a precautionary boil water notice due to the potential for contamination. The leak was repaired and the system was working to re-pressurize and fill the tank.

Windsor Water System/Ascutney Hospital—Staff of Mt. Ascutney Hospital, which is served by the Windsor Water System, reported a problem with an interruption of service which was attributed to a line break in the Windsor system. The hospital bulk hauled

water while waiting for the supply from the water system to be returned and a temporary boil water notice was issued due to system depressurization and subject to system testing for contamination.

Catamount Bolton—The Catamount Bolton Water System, serving the Bolton ski mountain and surrounding residential users has been experiencing a decrease in source production and extended run times for their sources. The system has been working with Division staff and consultants to assess their source yield, whether a new well can be drilled in order to supplement existing water sources, and if there are distribution issues resulting in excess water loss. The Division has dispatched its leak detection contractor to assist the water system in locating and leaks in the system. Starting Friday, December 9, the water system implemented a precautionary boil water notice because they planned to “shut down” the water system in order to perform some diagnostic work overnight. This would have depressurized the system, making it vulnerable to contamination.

PFOA Updates: The SMS has completed its review of the three proposals received for consulting services to assist with the development and review of corrective action plans for the North Bennington/Bennington PFOA site. Amec Foster Wheeler Environmental & Infrastructure, Inc. (AMEC) was selected as the contractor to complete this work. Our Business Office is currently working on finalizing the contract with AMEC so that work can begin in early January.

Fish & Wildlife (FWD)

Fish Passage from Connecticut River: Staff completed quality control of fish passage data from Connecticut River fishways. In summary, it was verified that almost 2,000 shad passed Bellows Falls in early June and that approximately 2,000 eels passed downstream (likely fallback) at Vernon in early July. Differences in counts were negligible (5-20%) for shad and sea lamprey but were substantial for eels.

Access Area Dispute Coming to an End: Staff recently met in Putney with a neighbor to the Putney Landing Access Area in an effort to settle a 3-year-old dispute. The neighbor filed an injunction against the FWD and New England Central Railroad (NECR) in an effort to stop the railroad from improving a crossing that would ultimately require them to relocate their driveway. After years of back and forth with the neighbor, courts, and the National Park Service (which funded the purchase of the Department’s land) we are close to settling this dispute. Yesterday the parties agreed to nearly all the issues in the injunction. Through a series of land swaps, the neighbor will get a portion of the Department’s land for their new driveway and the Department will get deeded access along a road which we currently do not own, but is critical to keeping the access area open. NECR will have a fully functioning and safe crossing.

Forests, Parks and Recreation (FPR)

Contractor Wins Award for Replacing Underwater Power Line: The Associated General Contractors of Vermont has awarded Kingsbury Construction, LLC, a Best Builder Award for 2016 for their project to replace the power line to Burton Island State Park this past spring.

New Park Friends Group: The newly forming Friends of Muckcross State Park will be meeting this week to plan strategies for successful support of the new state park in Springfield.

Land and Water Conservation Grants: Full applications for this year's cycle of federal Land and Water Conservation Fund grants were received last week from four communities. The total request was almost \$1 million and there is \$600,000 available.

First public engagement session held on Aitken State Forest: Led by Stewardship Forester Lisa Thornton, the Rutland district stewardship team hosted a public scoping meeting as part of the Long-Range Management Planning process for Aitken State Forest. The meeting was designed as an open house format with various informational stations set up. Each station had a different theme and provided opportunity for discussion, questions, and comments. The meeting was very well attended by a diverse audience.

State Lands Management Updates: The Roaring Brook WMA Timber Harvest, Sale #3, began implementation last week. The Interim Stewardship Plan for the soon to be acquired Dritz Property, adjacent to Gale Meadows Wildlife Management Area, was drafted last week by the District I Stewardship Team. This interim plan fulfills the Vermont Housing and Conservation Board purchase requirements before closing on the property can occur.

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Patrick Delaney, Commissioner
Date: December 30, 2016
Re: Weekly Report

Vermont Department of Liquor Control

Legislative Issues/Contacts/Updates:

DC Kessler and I continue to meet with Legislators we'll be working closely with once the new session begins. We hope to address any questions or concerns they have about the Department, and provide them with an overview of our accomplishments and goals. The response on the part of the legislators who have responded so far has been very positive

Press Issues/Releases/Contacts:

The Department's rare brown spirits sweepstakes is underway. It will continue for three weeks total. We anticipate over 1,000 responses/visits to our website. The Director of the Maine Liquor Board has requested our blessing to copy our model for their future use.

Significant Events/Meetings:

Licensing renewals continue to be sent to municipalities. We anticipate license renewal volume to pick up into the new year.

On Wednesday December 28 I met with Senator Jane Kitchell. We discussed the changing business model of the Dept., a progress report on current initiatives, and our future vision. This Friday I'm scheduled to meet with Representative Tom Stevens. I also have tentative meetings scheduled with Representatives Grad and Head to provide DLC operational updates.

Summary of Key Department Activity:

Agency Issues:

The Department's IT, Retail Operations and Marketing divisions are closing in on the go-live date for the web portal to support the 80 liquor stores. We anticipate the portal will be available sometime between February and March 2017. The portal will allow the Department to provide timely information to all agency stores, and provide managers a separate login for sensitive store information. There will also be training information available to stores courtesy of the Department's Education division.

An additional "Operation Safe Travels" flyer is being planned for Super Bowl week; these informational leaflets are being created for licensees during the holiday season, with information regarding increased Enforcement details scheduled during the holidays.

Sales are trending up for the year, and Warehouse operations have improved significantly, with deliveries running smoothly this holiday season.

The Department's Budget process is running smoothly, and the recent audit went very well.

Staffing:

The Department has created a revised job title and prepared a request for review by DHR of the classification of our warehouse manager. The new job title is Warehouse Management System Coordinator. Our goal is to more appropriately reflect the updated duties and responsibilities of that position.

We hope to submit RFRs as well for the Warehouse Supervisor and the Warehouse Program Services Clerk RFR in the very near future.

Commissioner's Commentary:

As we conclude this calendar year it would be an opportune time to recognize the tremendous operational accomplishments that have been achieved in the past 10 months. I would like to thank Deputy Commission Kessler, the DLC management team, and the Department's line staff for their collective efforts in re-directing our operation and paving the way for a much brighter future.

Additionally, I would like to thank Governor Schumlin and the DLC Board for their faith and confidence in appointing me to lead our team. We enter into the new year with an enhanced vision, a greatly embellished operational model, and a solid plan for the future.

Happy New Year to you and yours!

**116 STATE STREET
MONTPELIER, VERMONT 05620**



**OFFICE OF THE SECRETARY
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Chuck Ross, SECRETARY

**STATE OF VERMONT
AGENCY OF AGRICULTURE**

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: December 28, 2016

Summary of Key Activity

Secretary Ross reviewed Potential Hemp Program documents with Tim Schmaltz, Plant Industry Section Chief. Same documents need to be finalized and reviewed by James Pepper. Documents should be reviewed and a final decision can be arrived at during the week of Dec 26th.

Agency Staff and leadership met with representatives and owners of the fertilizer dealers and farm input businesses in Vermont. The purpose was to review the Required Agricultural Practices ad prospective proposals for funding the Clean Water Fund. The meeting went well with good feedback in both directions.

Secretary Ross met with ANR staff and leadership to review information being developed for inclusion of reports required to be submitted to the legislature. The most significant will be the report on Tile Drainage. The two Agencies may have somewhat different recommendations to advance.

Secretary Ross announced his new job as Director of UVM Extension which coincidentally occurred on the same day that Gov-Elect Scott announced the new leadership Team for the Agency with Anson Tebbetts and Alyson Eastman as Secretary and Deputy Secretary respectively. Secretary Ross and Deputies LaClair and Bothfeld met with Tebbetts and Eastman in the first of three planned meetings to begin the briefing for a smooth transition.

Green Mountain Maple discharge issues. This is a large sugaring operation in Belvidere that was reported to DEC last spring due to alleged discharges and subsequent impacts to a stream and well. The facility was discharging wash water, spoiled sap and reverse osmosis permeate to a swale that led to a stream. DEC is trying to determine what action to take and what to require prior to the 2017 season. The owner has proposed methods to eliminate discharges of wastes but the permeate (water, basically) still has no great solution for the next season. This issue will eventually impact all sugar makers using reverse osmosis technology. We will continue to work with DEC towards a solution.

Animal Health Section assisted with the herd inventory and disease testing of an elk herd in Franklin County. Due to land constraints, the herd is split between two premises and only one premises has appropriate catch facilities. Therefore, only half of the herd inventory and disease testing was able to be accomplished. The producers are under provisional approval are aware that they have until the end of February to complete their facility requirements.

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STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: December 28, 2016

Significant Meeting:

- Secretary Ross and Deputy Secretary Bothfeld led a meeting with fertilizer dealers was held to discuss possible uses of phosphorous cake being produced via screw press and centrifuge applications to manure on farms. The ultimate goal would be to realize some economic benefit from the phosphorous source and/or export benefit thus moving excess phosphorous out of impaired watersheds.

Evolving Issues:

- Green Mountain Maple discharge issues. This is a large sugaring operation in Belvidere that was reported to DEC last spring due to alleged discharges and subsequent impacts to a stream and well. The facility was discharging wash water, spoiled sap and reverse osmosis permeate to a swale that led to a stream. DEC is trying to determine what action to take and what to require prior to the 2017 season. The owner has proposed methods to eliminate discharges of wastes but the permeate (water, basically) still has no great solution for the next season. This issue will eventually impact all sugarmakers using reverse osmosis technology. We will continue to work with DEC towards a solution.
- Animal Health Section assisted with the herd inventory and disease testing of an elk herd in Franklin County. Due to land constraints, the herd is split between two premises and only one premises has appropriate catch facilities. Therefore, only half of the herd inventory and disease testing was able to be accomplished. The producers are under provisional approval are aware that they have until the end of February to complete their facility requirements.

Summary of Key Agency Department Activity

Administration:

Business Office:

- Budget vs Actual expenditure reports and analysis are almost completed through 11/30/16
- Payroll monitoring and analysis completed through 12/22/16
- Revenue monitoring and analysis completed through 11/30/16
- JFO – Need to request spending authority for JFO approved sources thus far in SFY2017
- Custom Manure Applicators – Waiting to hear from ARMS for next steps to assist with integration of program into USA Plants
- Fertilizer Tonnage Reporting – Corrected form and explanation went out last week
- 2nd Notices – Seed & Meat Handlers are with IT for uploading into their respective databases; Fertilizer – waiting to hear back from ARMS
- Food Safety Cash Sheet – Work in Progress

- L&R “Encyclopedia” status – Waiting for Marcey to test run the Apiary procedure; once this program is tested, will use for template of all programs
- Licensing Signature – Need to obtain incoming Secretary’s signature for loading into licensure databases so printed licenses after January 5, 2017, will be valid
- Pesticide registration 2nd notices have gone out
- Organic Reimbursement Program – Financial Director participated in USDA/NASDA conference call re: moving program into FSA county offices. This should have a minimal, if any, impact on Vermont’s program. The Agency works closely with NOFA on the successful administration of this program. Diane and Marcey have previously discussed with FSA and will again in the near future to confirm prior agreement.
- Final report due for Specialty Crop Block Grant #9 this week
- Indirect Rate Application due to FSIS Friday, 12/30/16 – feverishly working on finishing this up...HUGE piece of work!!
- Section 248 Bill Back – Met with folks to work out the process for this new piece of work. Working on getting VTHR set up to allow for tracking time and calculating staff time bill back portion of invoicing.
- Preparing for month-end & quarter end

Information Technology:

New Items:

- Water Quality Website redirect requested
- agriculture.vermont.gov Drupal security patch requested
- CIO meeting scheduled

Recently Completed:

- System Developer I resumes reviewed.
- VAEL RFI technical question responses sent to Guy.
- Second floor Switch replaced (stopped working after Saturday power outage)

In Progress:

- Owncloud registration request webform design continues
- FISMA IT resource setup has begun
- Telcom changes to add Dairy admin line started to security door started
- RAP/SFO inclusion in USAFoodSafety discussion started
- OwnCloud process document collaboration continues
- Cell-Phone rollout continues
- ACT 250 changes have begun
- New Agrivew classified web-form development started
- USAFoodSafetyWater Quality inspection testing continues
- Custom Manure applicator discussion started
- Result Point Lab software migration started
- Lab reporting options for dairy inspector data discussion started
- Web enabled editable FarmViewer work has begun for WQ
- Informix (Putty) database replacement investigation continues
- FSMA application framework discussion started (IT internal)
- Writeable GIS application development has started
- Generic case management software investigation started (for Chuck)
- Docket tracking software investigation started
- Pesticide AI data extra for USA plants in progress
- EB-5 Discovery in progress (Chuck and Sam done)
- Hemp internal application development continues
- Putty Water Quality historic sampling data migration has started

- Online Farmers market price sheet development continues
- Contacts collection methodology discussions have begun
- Communication tracker investigation started
- Outreach for dairy count processing has started (St Albans/Aramark have responded)
- Emergency Management in progress -- (Initial Berlin Lab visit done)

Animal Health & Welfare:

Animal Health:

- Animal Health Section certified a Vermont veterinarian to perform tuberculosis testing in cervids. The process for tuberculosis testing deer differs from the bovine procedure and USDA requires veterinarians to be certified by either USDA Veterinary Medical Officers or State Animal Health Officials.
- Animal Health staff met with a swine producer in norther Vermont to provide the swine biosecurity kit and to assist the producer with the implementation of on-farm disease prevention methods. This producer sells market hogs to Black River and is interested in importing his feeder pigs from a large operation in NY. Import and transportation requirements from NY to VT were reviewed.
- A Notice of Violation was sent certified mail to a Vermont livestock dealer. The dealer is charged with alleged violations of 6 VSA Chapter 63, including dealing without a license and missing or unavailable records
 - Animal Health Field Staff
 - Completed the herd inventory for a cervid herd who has been non-compliant for consecutive years.
 - Collected Chronic Wasting Disease samples on 5 red deer at a cervid farm in Fairlee, VT. The owner shot these particular deer as part of his process for managing his herd and reducing his red deer numbers and number of bucks overall.

Dairy:

- Two Dairy Farm Specialists are working on a USPH rating for a VT Milk Handler this week. This evaluation allows the handler to market milk across state line.
- Dairy Section is preparing documents for the FDA/USPH State Program Evaluation coming in January. This evaluates how compliant we are with the PMO (adopted by state statute as our dairy regulations).
- Dairy section staff interviewed 8 people for a vacant Dairy Farm Specialist 1 position on 12/21 and 12/22.
- Dairy section issued a warning letter to a producer with 2 of last 4 quality tests out of standard.
- Dairy continues to perform required regulatory activities and to pursue enforcement actions as warranted. Farm and plant inspectors continue to do their assigned duties.

Meat Inspection:

- Section is preparing for an on-site audit by USDA Food Safety Inspection Service in March and April. The review will be by the USDA Civil Rights Division early in March, and a full program audit at the end of March/beginning of April. The Civil Rights document is due January 30.
- Program continues to provide required daily inspection services for both state and federally inspected plants throughout VT
- Program is continuing with technical information and regulatory interpretations for several startup businesses seeking State Inspection Services ranging from a Bacon operation in Barnet, a Modular Slaughter/Processing facility in Pawlet utilizing storage containers and developing a model that can be replicated, a Beef Jerky operation in Essex, Smoking and Curing operations in both Fair Haven and Bridport, a Pork Slaughter Facility the Craftsbury area, a Poultry Slaughter/Processing operation in Isle la Motte, a few small farm operations considering State Inspected processing of inspected carcasses for wholesale and retail markets, as well as custom cutting operations in Bennington and Island Pond among others

Compliance

- Vermont is still waiting for responses from FDA for questionable products found in wholesale distribution channels and retained by the VT Inspection program. The Gamebird products in question fall under FDA jurisdiction and were prepared using methods determined by USDA Food Safety Inspection Service (FSIS) to be unfit for human consumption but deferred regulatory action to FDA jurisdiction. VT contacted FDA today, 12-27, and found that the district contact is still waiting to hear from their supervisory personnel

Agricultural Development:

Working Lands Enterprise Board:

- The Working Lands Enterprise Initiative's Fiscal Year 2017 Request for Grant Project Proposals opened on October 4th for both Businesses and Service Providers, with \$650,000 in funds available. The Business Letter of Intent deadline was on November 9th. We received 67 letters of intent for a total ask of \$1.9 million in funds, and the Working Lands Enterprise Board met on December 20th to make decisions on the Business Letters of Intent applicants who will receive invitations to submit a Full Application, which include a Business Plan as well as letters of support/commitment, among other components. Service Provider Letters of Intents were due on December 2nd. We received 20 letters of intent for a total ask of \$892,000 in grant funds. Reviewers will be meeting later this month to deliberate and Board decisions for full applications will take place at their January 17th meeting.

Farm to School:

- Five schools were awarded Farm to School Universal Meals Grants for \$9,000 each
- VAAFm will lead a workshop on technical assistance for institutional and wholesale markets in conjunction with NOFA, FINE, and David Conner at the FINE Summit in April has been accepted

Agricultural Resource Management:

Vermont Agricultural & Environmental Laboratory:

- Cannon Design's Randolph lab drawings have been reviewed by representatives from each lab participating in the project.
 - A number of issues in the labs have been noted, including mis-labeling instrument locations and dropping design features that had been previously submitted.
 - These should be cleared up during the next week as revisions are communicated to Cannon
- The lab's new instrument for metals analysis, the ICP-MS, has been installed and is currently undergoing calibration checks prior to bringing it online for routine metals testing.
- The Chemistry lab supervisor, Dan Needham, has created validation cover sheets/checklists for each certified method done in the lab.
 - These coversheets provide a level of consistency and better accountability to VAEL's peer review process for data validation.
- A series of proficiency tests were completed by VAEL and submitted to the lab's accreditation agency, New Hampshire NELAC.
 - VAEL's staff passed all of these tests, allowing the lab to maintain full certification for tests certified by the NELAC Institute.
- The laboratory is waiting to hear from Human Resources regarding an offer letter for a new chemist in the air toxics program. It is hoped that the candidate can start work in early January.
- No news on permitting issues for the proposed lab

Water Quality:

Strategic Planning

- Strategic planning for water quality section continues with the Consensus Building Institute. This effort will result in a template and plan for moving the enormously complex and large body of work relating to Required Agricultural Practices implementation forward. All section chiefs are involved in this process. The goals are to identify priorities and goals for 2017 as well as a longer view out to 2020.
- Last week these planning processes moved forward and the overall goal is to have plans done in the next 2-3 months. The Vermont Certified Public Managers (VCPM) work is hopeful to lead into a LEAN process specifically on the Large Farm Operation permitting program in order to streamline permitting and compliance efforts to benefit the farms and staffing capacities while maintaining program integrity. This next phase in the LFO assessment process is expected to begin in January.

Required Agricultural Practices (RAPs)

- A meeting was held to discuss the interpretation of the new definition of agricultural products in the new RAPs. This interpretation will have an impact on how the farm structure exemption from local zoning will be interpreted in the future. The current specific example relates to on farm distilleries where the grains are grown on the farm.
- The water quality team spent a whole day filming at the University of Vermont farm in order to create a video that will be utilized in the required education the agency must perform per Act 64 starting in July. The focus of the video is what to expect during an inspection on your farm with the Agency water quality staff. The new RAPs require inspections on certified small farm operations, which historically have never been inspected. These farms may have had compliance checks when complaints were made about the farm, however they were never subjected to inspections similar to the medium and large farms are. This video will hopefully help calm some of the fears the Agency is consistently hearing and can be used by many partners as part of the roll out of the new RAPs.
- Department of Environmental Conservation (DEC) and VAAFMM met to discuss how best to manage the water quality goals of Lake Carmi. Specifically, the discussion focused on the communications strategy as the current situation has farmers and camp owners at complete odds with each other. This increasing frustration from each side is creating real challenges to getting projects on the ground that are above and beyond regulatory authorities. VAAFMM is going to generate data that will help explain progress made in the last year in the Lake Carmi watershed which can be presented at the January meeting.

Tile Drain Report

- A meeting was held with DEC to discuss next steps with the report to the legislature regarding tile drains as required by Act 64. Final draft steps will be taken next week.

Enforcement:

- From December 7-9, Chief Policy Enforcement Officer Dave Huber traveled to Earle Naval Weapons Station in Colt's Neck, New Jersey to represent the Agency at the Northeast Environmental Enforcement Project's (NEEP) Board of Directors Meeting. The Agency joined NEEP this year with the hopes of persuading NEEP to conduct an in-state training with a focus on enforcement. An in-state training has been tentatively planned for June 2017.
- On December 20, Chief Policy Enforcement Officer Dave Huber attended a Legal Education Class that was hosted by UVM Extension in Enosburg Falls. The presenters did a good job of explaining the Agency's enforcement procedures and policies and how they interface with the newly adopted RAPs.

Small, Medium and Large Farm Operation (SFO, MFO and LFO) Programs:

- Staff continue to review applications for LFO permit amendments or applications to become permitted LFOs.
- Inspection report write-ups and edits on Medium and Large Farms are numerous and ongoing.
- AWQS IV Supervisors Maria Steyaart and Trevor Lewis continue to review inspection reports to be submitted to the enforcement team; these efforts will continue until all fall inspections have been adequately documented.
- 1 LFO follow-up inspection was conducted by 2 AWQS I, Tyler Knapp and Clark Parmelee in Franklin County.
- 1 SFO technical assistance was conducted by AWQS I Clark Parmelee and Soils Scientist Jeff Comstock in Addison county.
- Supervisors continue to meet regarding strategic planning.
- Supervisors meet with staff bi-weekly to discuss progress reports.
- AWQS IV Supervisor Maria Steyaart continues the CAPS program.
- WQ Communications meetings continue with staff.
- Staff continue discussions on topics in program development.
- 58 grant applications have been reviewed for the Clean Water Fund and staff are developing a plan to move forward by AWQS IV John Roberts and Abbi Pajak.
- Staff continue discussions on enforcement process and priorities.
- AWQS V Nate Sands, AWQS IV Abbi Pajak and Maria Steyaart are continuing to develop and test the Food Safety Water Quality database.
- Discussion continue with staff concerning manure spreading rules and guidance for the farm community.
- 6 AWQS staff are now meeting every other week for status updates on North Lake Contractor projects as construction has stopped for the season.
- Training was provided to staff for manure spreading ban exemption requests.
- Many calls were fielded by staff concerning confusion around the winter spreading ban from both the farming and non-farming community.
- Multimedia outreach material meetings were held with several staff members.

GIS Project Manager on-going projects

- E911 – developing a way to coordinate corrections to the e911 data in terms of farm structures
 - Met with e911 staff in Montpelier to discuss the problem (Jeremy McMullen & Tyler Hermanson) + Joanna Grossman on Dec. 6th
 - Will get training from e911 staff on Jan 5th on the GeoLink Server to track problems and flag errors from e911 in Montpelier
- Using drones for river corridor management – met with Jarlath O'Neil-Dunne at the UVM Spatial Analysis lab Dec. 6th - Joanna Grossman also in attendance
 - proposed the idea to Jarlath O'Neil-Dunne and set up meeting to share ideas
 - will do a small pilot project to see if UAS are suitable for examining the condition and size of buffers along annually cropped land to make that part of farm inspections more efficient
 - will work with Jarlath O'Neil-Dunne on finding a grant to do this type of analysis for a larger area – perhaps statewide

- created updated map showing MFO /LFO Coordinators Zones with contact information to have up on the Web site – helpful to the Agency & farmers
- Went on Farm Inspection on Dec. 8 to better understand the process and walk through the map making protocol in use
 - Suggested use of voice memos on iPhone which then get converted to text files to reduce need to type up lengthy notes back in the office
 - Used iPhone to take geotagged photos which will be helpful to the staff – found “photos to points” command in ArcMap which creates a point file of sites of photos – varying accuracy – GPS is more reliable
 - Will have further suggestions to help efficiency in map production after getting more of an overview
- Awaiting Excel Spreadsheet of LFO & MFO data to consolidate multiple shapefiles that are used for inspection maps
 - Did trial run of data conversion
 - Jenn LaValley is correcting the data
- Legislative Outreach Day – organized a meeting on Dec. 16 to discuss themes for a poster for that event held Jan. 6
- Meeting with DEC on Lake Carmi Dec.22
 - Will make maps for next Implementation Team meeting on Jan 19
- North Lake Survey Final Report
 - Meeting on Dec. 19 – gave suggestions on what to cover in the report
 - Will help Mike Middleman with making any needed maps
- Researched GPS units for use with farm inspections Dec. 13
 - Garmin has several models which are appropriate
 - Useful to have the accuracy of satellites (as opposed to cell signals which are iffy in much of Vermont)
 - Will put together a summary of the need for these units and costs

Secretary’s Report:

Press:

- No direct contacts with Press. Sec Ross worked with UVM public relations staff to develop a press release announcing his new role at UVM.

Meetings:

- **Potential Hemp Program** – reviewed documents with Tim Schmaltz. Same documents need to be finalized and reviewed by James Pepper. Documents should be reviewed and a final decision can be arrived at during the week of Dec 26th.
- **Transition Announcements** – Secretary Ross announced his new job as Director of UVM Extension which coincidentally occurred on the same day that Gov-Elect Scott announced the new leadership Team for the Agency with Anson Tebbetts and Alyson Eastman as Secretary and Deputy Secretary respectively.
- **Transition Meetings** – Secretary Ross and Deputies LaClair and Bothfeld met with Tebbetts and Eastman in the first of three planned meetings to begin the briefing for a smooth transition.
- **Fertilizer Dealers** – Agency Staff and leadership met with representatives and owners of the fertilizer and farm input businesses in Vermont. The purpose was to review the RAPs and prospective proposals for funding the Clean Water Fund. The meeting went well with good feedback in both directions.
- **Joint Reports with ANR** – met with ANR staff and leadership to review information being developed for inclusion of reports required to be submitted to the legislature. The most significant will be the report on Tile Drainage. The two Agencies may have somewhat different recommendations to advance.