

WEEKLY REPORTS

Checklist
5/27/2011

Bill Lofy

- Agency of Commerce and Community Development – Lawrence Miller
- Agency of Agriculture – Chuck Ross
- Agency of Transportation – Brian Searles
- Department of Labor – Annie Noonan

Alex MacLean

- Agency of Natural Resources – Deb Markowitz
- Department of Public Safety – Keith Flynn
- Public Service Department – Liz Miller* (shared with Beth)

Susan Bartlett

- Agency of Human Services – Doug Racine

Beth Robinson

- BISHCA – Steve Kimbell* (shared with Anya)

Jeb Spaulding

- Agency of Administration – Jeb Spaulding

Special Reports

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

★ Please note, Labor is photocopied to the back of ANR's report, sorry for the inconvenience!
- Aly

WEEKLY REPORTS

Checklist
5/27/2011

Bill Lofy

Agency of Commerce and Community Development – Lawrence Miller

Agency of Agriculture – Chuck Ross

Agency of Transportation – Brian Searles

Department of Labor – Annie Noonan

Alex MacLean

Agency of Natural Resources – Deb Markowitz

Department of Public Safety – Keith Flynn

Public Service Department – Liz Miller* (shared with Beth)

Susan Bartlett

Agency of Human Services – Doug Racine

Beth Robinson

BISHCA – Steve Kimbell* (shared with Anya)

Jeb Spaulding

Agency of Administration – Jeb Spaulding

Special Reports

Additional Report: Education

Additional Report: GIRO

Additional Report: _____

★ Please note, Labor is photocopied to the back of ANR's report, sorry for the inconvenience!
-Aly

M e m o r a n d u m
Vermont Department of Public Service

Privileged and Confidential

To: Hon. Peter Shumlin, Governor & Beth Robinson, Governor's Counsel
From: Elizabeth H. Miller, Commissioner
Subject: Weekly Report
Date: May 27, 2011

Status of Governor Priorities:

VY: The AG filed a very thorough, well-done opposition to Entergy's preliminary injunction brief on Monday. Tuesday, GMP announced its deal with Seabrook/NextEra. Overall, I judge the press and input this week on the nuclear issues to be favorable; there were several pieces supportive of the AG's brief and negative reaction to the Seabrook deal has been fairly muted. Meanwhile, our narrow appeal on the 401 water certification issue generated some mild press interest. Entergy will file a reply brief on the preliminary injunction issue on Tuesday. I'll send you and Beth Robinson my thoughts on it after review.

Energy/Climate: We have regional Comprehensive Energy Plan meetings scheduled in the next few weeks; Alex MacLean attended briefing with me and VNRC/VECAN this week to discuss the format and strategy. I am setting up other high-level meetings to discuss elements to include in the Plan. I am meeting with Secs. Ross and Miller to develop a specific recommendation on state support of Sandia.

We still may see an acquisition of a large utility in the coming days, although it does not appear that it will result in any consolidation of utilities within the state. Representative Klein may seek to introduce consolidation legislation next session; I plan to meet with him soon on various issues and will discuss it with him.

We must select Clean Energy Development Fund board members in the next few weeks; I have discussed it with Andy Perchlik and Alex MacLean. I will follow up with Sen. Lyons and Rep. Klein, the other appointers.

The Public Service Board issued a Proposal for Decision Thursday approving CVPS's acquisition of the OMYA/Vermont Marble utility and hydro facilities. This is, from a regulatory point of view, a major achievement because the Board has not previously approved rate recovery of asset purchases above-book value. Translation: the Board allowed CVPS to purchase, at market value, hydro dams that had a much lower book value – recognizing that our regulated utilities now operate in the context of a deregulated environment where a third-party private merchant operator could have come in and purchased these dams and then turned around and offered market rate power contracts if the Board did not permit, in effect, CV to make the acquisition with rate recovery. The putative cost of the power to CV's ratepayers will be very

favorable compared to other renewable. I spent a good deal of early effort on the job to get this deal together (at approximately \$5M lower than the original deal price, and with a upside sharing mechanism built in) and am gratified that the Board agreed to approve it, including the inclusion of above book value purchase price in rate recovery so that our utilities have incentive to make these acquisition of instate generating facilities (and other assets – so that we may be in a position to press for more utility consolidation). This is an example of pulling regulation along appropriately to match competitive realities, and it is a good thing in my view.

Broadband: There was a positive DOE Smart Grid oversight meeting this week. I continue to hear of progress, but not conclusion, on the VTel/Utility contracting for smart grid backhaul.

The Comcast Voice over Internet Protocol docket in front of the PSB will raise significant policy issues; although it was commenced prior to our administration, the meaty part of the docket remains pending and we will be expected to take substantive positions soon. I will discuss internally and with the Speaker, who has expressed interest in the issue, and provide my recommendations.

Press Issues/Releases/Contacts

Multiple press contact regarding VY litigation and NRC appeal.

Significant Meetings/Events:

Other than miscellaneous internal meetings and meetings related to pending VY litigation, this was a quiet week for meetings:

GMP/Gaz Metro/NextEra meeting at Shelburne Farms
Washington Electric Coop annual meeting

Upcoming:

I hope to finish hiring in my legal division within a week. I still have not found a suitable candidate for Energy Policy/Planning. I expect that the coming weeks will be very busy, not only with the Comprehensive Energy Plan and VY litigation, but also with Burlington Telecom, possible utility acquisition issues, and broadband policy issues.

Weekly Report by Division:

Public Advocacy:

Appeal of Vermont Yankee License Renewal – No Docket – Department filed petition in the D.C. Circuit Court of Appeals to challenge NRC's renewal of license despite the lack of certification of the facility under Section 401 of the Clean Water Act. Scheduling order received; Department may file dispositive motion on issue. Next filing due on 6/20.

Vermont Gas Systems—System Expansion Fund. Docket 7712. The Board issued a second Order authorizing the continued existence of the Fund, on an interim basis. The Board advised that it had not had sufficient time to review the MOU filed on behalf of the Department and VGS. Pursuant to the order opening this docket and authorizing the interim establishment of the Fund, VGS filed compliance tariffs with the Board and the Department on the same day the second Order was issued. (These compliance filings would have been required in any event under the terms of VGS's alternative regulation plan.) The Department is still reviewing, but a cursory review indicates no inconsistency between VGS's compliance filing and the Board's second Order.

AARP Low Income Proposal – Docket 7535 - The Hearing Officer issued a Proposal for Decision. It basically says there will be a low income program in CVPS and GMP territory but lets the other electric utilities off the hook. The rate impact for CV and GMP customers is below 2%. We will have to decide if we want to comment on the P for D regarding the disparity this creates. The concern is that the smaller territories can't really make the proposal brought to the board work financially because of economics of scale.

CVPS Purchase of OMYA Territory and Dams – Docket 7660 - The Board issued a proposal for decision in the CVPS/Omya acquisition case that approves CV's acquisition of Omya.

Washington Electric Coop Rate Case – Docket 7691 – the parties are continuing to discuss settlement, and have agreed to an additional two-week suspension of the schedule for settlement talks. It is still the case that WEC has moved very little, but sought to add items to the cost of service. The parties have agreed to file a status report or litigation schedule by June 3, and plan to meet at least once more before then.

Ascutney Water – Docket 7653 – this case involves PSB review of a transfer of control that has already occurred (very chaotically, as reported earlier). Proceedings have been on hold while various parties attempt to form a fire district to purchase the water and sewer systems. Progress on the fire district has been slow, and the water company is due to send out annual bills in June. This is raising concern among customers, who are aware that another entity (WASTE, which is involved with the sewer system) has been paying the electric bill for the water company, using proceeds from sewer billings. DPS has requested an accounting from the new management and hopes to be able to provide some assurance to customers that it is OK to pay their bills.

Catamount/Bolton Water & Sewer – Docket 7722 – The water company (Bolton) proposed a rate increase of 269% to pay for development of groundwater sources to replace the existing surface water source. Bolton is under an EPA order to undertake this project, and plans to pay for it with a loan from the Drinking Water State Revolving Fund, administered by VEDA. The Company is asserting that the characteristics of the VEDA loan make it incompatible with traditional utility ratemaking, and that they will not have sufficient revenue to service the debt without a departure from such ratemaking. DPS is reviewing the Company's analysis. The parties had hoped to stipulate by May 23 and have a hearing in mid-June, but this has not been possible. The parties have now proposed to the PSB that they file a stipulation by June 10, with a hearing the last week of June.

VELCO Shunt Reactors – Docket 7730 – VELCO proposes to place shunt reactors at three existing substations: Vernon, Coolidge and New Haven. The only significant issue from the DPS perspective is noise. DPS is in the process of hiring one of the two consultants we have on retainer to review the noise studies submitted by VELCO and advise as to the quality of the studies and the extent of the noise issue. Site visits and public hearings will be held at each site, on June 7, 8 and 9. DPS anticipates that we will be able to settle the case, pending evaluation of the noise issue.

Georgia Substation-Docket 7731 – Department attended site visit and public hearing on 5/24. No attendees at public hearing. ANR may have some issues re: habitat corridors. Petitioner is due to re-file motion on CEII, Department will review for consistency with Board's statements in CEII docket.

Green Mountain Power (GMP) AMI Plan - Docket 7704

DPS and GMP filed a revised Joint Draft proposal for decision and a signed Memorandum of Understanding with the Board this week. For outstanding issues such as the relationship with EVT, GMP's Opt Out Policy, Proposed Rate Designs, Measurement and Verification of Costs & Benefits, and others, the MOU contains a schedule with deadlines for Board Updates and quarterly meetings between DPS and GMP. Both parties waived their rights to comment on the Board's Proposal for Decision if it is substantially similar to the joint proposal of the parties.

CVPS Smart Power – Docket 7612

The Board sua sponte issued a Memorandum on 5/23/11 in this docket that will significantly assist all parties (and the Board) in keeping the docket organized and providing CVPS with rulings on outstanding issues and future issues (mostly material changes to their plan and plan updates). The memo requires CVPS to create a log for all filings since the initial Order of 8/6/10 and explain what the purpose of each filing was and what Board action is requested, including a draft Proposal for Decision to address all outstanding issues. The log is due 6/3/11 and DPS is to file response comments on 6/10/11.

DRP EEU 2010-06 – DPS worked on comments to be filed with the Board on 5/27 recommending the EEU budgets for 2012-2014 and making recommendations on the continuation and funding for geographic targeting of energy efficiency services.

Docket 7316 – VOIP – Generic Docket - Staff met internally to try to determine best approach to settlement discussions for Phase II of the docket. DPS then met with Comcast, who wants to conduct settlement talks with the DPS only and then have DPS serve as intermediary with other docket parties, potentially to communicate areas of agreement reached between Comcast and DPS. DPS must file position with Board on how best to proceed with settlement discussions on Phase II by 5/31.

Burke Mountain Resort Group Net Metering System - CPG1187 - This group was granted a group net metering CPG in March 2011. Despite the issue having been raised by the applicant and Lyndonville Electric Company prior to issuance, the Board's Order accompanying the CPG

did not adequately address the issue of what rate(s) were applicable. LED filed a Motion for Clarification and requested a workshop, which was held on May 11 and attended by the Department. The Board requested proposals from LED and Burke, and LED presented its proposal to Burke the week of May 16 for review. The response to the Board was due May 25, but, as of this date, the Department has not been advised of the status of the negotiations and nothing has been filed. Ultimately, the Department will provide comments to the Board on the resolution(s) proposed by the parties.

Swanton Village Electric—General Terms and Conditions Tariff—No. 8220 - Swanton filed with the Board and the Department a general terms and conditions tariff which contained a provision requiring customers to execute and return repayment agreements. The Consumer Affairs Division feels very strongly that this is an unnecessary burden to place on consumers and that it gives the utility no more protection than it already has under Board rules. Unable to persuade Swanton to delete the provision, the Department and Swanton each briefed its position to the Board. While awaiting the Board's ruling, a second municipal utility—Johnson Electric—filed a like provision and the Board requested an informal conference with the Department and counsel for the utilities. As a result of this discussion and in order to obtain immediate Board approval of the undisputed provisions of its tariff, Johnson agreed to delete the disputed provision temporarily. The Board will schedule a workshop to discuss this issue as they are unwilling to decide it based upon the parties' written submissions—possible date of June 8.

Joint Petition of VELCO and Lyndonville Electric Dept.—Construction of substation in Lyndon, Vermont - Docket 7562 - The Board granted a CPG for this project in June 2010. The substation was commissioned in December 2010. The CPG was conditioned upon the performance of an as-built visual assessment with regard to any necessary aesthetic mitigation. The site visit to perform that assessment has been postponed for a variety of reasons, but will occur on Friday, May 27. A Department representative, together with our aesthetics consultant, will attend.

Consumer Affairs:

To date the total number of contacts from the broadbandvt.org website to CAPI has totaled 960. While there have been some glitches to work out, progress is being made on establishing a process for handling the messages, including the establishment of a coding system that will allow for the reporting of contacts regarding unserved areas, poor delivery of service, high cost of service, and even comments regarding cell service. A work around for addresses not displaying on the forward-looking map has been developed and has begun, with those addresses being forwarded to Gregg Trask in the Telecom. Gregg will utilize Google maps to identify whether or not an address is in a planned build-out area or completely unserved and provide that information back to CAPI, who will follow up with the consumer, when contact information has been provided.

CAPI staff met with other players in the statewide broadband projects and learned of current and planned initiatives to meet the promise of broadband service available to all Vermonters.

Comcast is required to send annual notices to their customers regarding a Quality of Service survey. Consumers are encouraged to contact the DPS with comment regarding Comcast and

many consumers do, as witnessed by the jump in Comcast numbers over the past couple of weeks. Comcast had begun distributing the notices on a rotating basis to one-quarter of their customers, resulting in a spike in Comcast calls to CAPI every three months. The most recent comments from Comcast customers primarily centers on consumers dissatisfaction with the price and program offerings from Comcast. The surveys also generate a few contacts from consumers with complaints regarding the regulated aspect of Comcast's service.

CAPI provided comment on the proposed role of Efficiency Vermont (EVT) in Green Mountain Power's (GMP's) AMI Plan. The document purports EVT will play an important role in the implementation of training and services to GMP customers, but the details of the relationship, the impact to customers' privacy, and the manner in which EVT will carry out their services remain unclear in the document. CAPI worked in conjunction with Brian Cotterill of PERD, who compile the comments and questions to GMP.

CAPI has been working with the Vermont Center for the Deaf and Hard-of-Hearing (VCDHH) on updating the program guidelines for the Equipment Distribution Program (EDP). With advancement in technologies, there are more options for the deaf and hard-of-hearing with respect to technology options, which is also the leading cause of the EDP running short on funds prior to the end of the fiscal year, a matter that CAPI hopes to address through legislative action next year.

Planning and Energy Resources:

Comprehensive Energy Plan

- Continued to coordinate development of biomass and ag. energy stakeholder working groups to generate input for the CEP
- Organized DPS energy efficiency group to identify and consolidate departmental input for CEP
- Continued conversation with DEC regarding carbon evaluation methodologies
- Staff met with VTrans and UVM Transportation Research Center to invite their role as point of contact for a working group of stakeholders on the topic of Alternative Fuels Infrastructure for Transportation - issues of no carbon and less carbon fuels, inc. electric/PEV, fuel distribution, fueling stations, vehicle types/maintenance, public adoption/education. (Fuel sourcing will be discussed by the Biomass/Biofuels working group(s).
- Staff met with VTrans and ACCD and held in-depth discussions questioning the need and process for an additional working group to respond to Transportation & Land Use strategies in the CEP. Staff proposed that a working group be formed to address Multi-modal Transit/Land Use issues.
- Staff gave feedback to VTrans on their draft outline and primary strategies for the Transportation & Land Use section and is following up with other members of the CEP team to consolidate their feedback.
- Staff notified VTrans and ACCD of VECAN's June meetings featuring Commissioner Miller to present and answer questions about CEP work. VTrans and ACCD were invited and asked to supply Comm. Miller presentation slides and talking points by end of this week.

- Worked with VTrans technology staff to establish a server space where DPS and VTrans can share files.
- Staff reviewed the current revised outline for the CEP in comparison to other state plans, and made revisions to the outline.
- Staff attended a half-day working-session hosted by the High Meadows Fund regarding methods to overcome barriers to home energy efficiency improvements. The session focused on financial and behavioral barriers. Staff will be following up with the director of the Fund, Gaye Symington, to further discuss this concept and how the Comprehensive Energy Plan can best facilitate energy efficiency improvements in the residential sector.
- Team assignment to update the latest CEP continued. Selected EIA State Energy data continue to be incorporated into chapter updates. We anticipate extensive changes and additions to the draft CEP when EIA releases scheduled updated (2009) State energy totals and tabulations sometime in June.
- Follow-up to DPS meeting with AOT to discuss methodology for transportation energy modeling. Background work on methods to model economic impacts of local and interregional transportation and travel.
- Received proposed scope of works from RAP and Synapse to provide technical assistance on energy and economic modeling for the CEP. Following discussions with each proposed contractor re-drafted and edited scope of work.

Act 250 Review

Commercial construction continues at a slow pace. This past week reviewed two permits under Act 205 review.

- TOWN: JAY PROJECT: Construction of 11 residential buildings (total 34 units) identified as first phase of "Golf & Mountain Suites" project
- TOWN: ESSEX PROJECT: Increase in size of previously-permitted Building D from 17,575sf to 18,730sf, with no changes to units. Project includes a modified access ramp to underground parking garage

ARRA Funding/Programs

- Coordinated conference call with DPS and Department of Labor staff regarding evaluation of apprentices under Davis Bacon Act that led to revised draft program guidance

Energy Efficiency and Conservation Grant Program (EECBG)

- Requested information was submitted for completed retrofit projects in the towns of Randolph, Wilmington, Charlotte and Corinth. Final invoices for these four projects total \$152,622
- The Town of Fayston's invoice in the amount of \$12,972.93 for their retrofit project was approved for reimbursement
- Staff participated in a conference call with Carl Loria of the U.S. Department of Labor to discuss Davis-Bacon topics: apprentice wage calculation, fringe benefits, owner/sole proprietor reporting, 'de minimis' threshold.

- Provided guidance to Town of Thetford regarding a new scope and work plan for their financial incentive program
- Approved invoice for Middlebury Union High School for \$23,375 for building retrofit to improve energy efficiency. Project is approx. 50% completed.
- Staff meet with consultants and VEIC to kick-off the Vermont Energy Code Education, Outreach, and Training project which will train builders, bankers, lawyers, realtors, and towns on new residential and commercial building energy codes.

State Energy Program (SEP)

- Processed \$224,494.29 worth of ARRA invoices (\$212,868 in direct incentives) from the small scale renewable energy incentive program
- Worked with VTC on re-allocating their \$50,000 grant for a geothermal system to energy efficiency work on the same building
- Worked with VEIC on program design changes to the incentive program
- Invoice paid for Barre City School District parking lot lights project (\$40,650.47)
- Continued processing first/final invoices from Newark School, Miller's Run School, East Haven School, Lyndon Town School parking lot lighting projects
- Subrecipient Monitoring-Review of 3 of 6 grantee A-133 Annual Reports (no findings for these 3), waiting for return of the final 3 (due 6/15/11).
- Subrecipient Grant & Contract Management Plan
 - review/editing work on existing "Draft" Invoice Approval Process Document, Development of Standard Interim Invoice Approval Checklist and Development of Standard Final Invoice Approval Checklist
 - Begin review/editing of existing "Draft" Davis-Bacon Review Processes
 - Begin review/editing of existing "Draft" Risk Assessment Processes

Clean Energy Development Fund

- Processed \$57,161.15 worth of CEDF invoices from the small scale renewable energy incentive program

Sustainable Energy For Homes & Business Project (Sanders DOE Earmark)

- Briefed staff from Office of Senator Sanders on project status

Fuel Survey

- Crude oil once again has crossed the \$100 level 100.17 this am. In Vermont pump prices remain steady at their highs.

Load Forecast

- The ISO-NE 2011 Capacity, Energy, Loads, and Transmission (CELT) Report was released and posted. Have reviewed the summary results for New England and Vermont and will compare forecast results with recent VELCO load forecast for possible use in the Comprehensive Energy Plan.

Energy Efficiency Utility Activities

Demand Resources Plan (DRP) Proceeding

- Staff continued development of comments and final recommendations regarding Energy Efficiency Charge (EEC) funded budgets, and whether geographic targeting of efficiency should continue and how it should be funded. The Department is recommending (due May 27th) overall increases in EEC budgets, limited by rate impacts and reasonable program expansion. Further, we are recommending that geographic targeting continue where appropriate (in areas recommended by the Vermont System Planning Committee and approved by the Board) and that it be funded at least in part within the recommended budgets.

Evaluation

- Staff met with EVT to discuss their ongoing internal evaluation plans including trainings, process improvement, customer satisfaction surveys and involvement in regional evaluation activities. Staff is creating a system to track EVT's internal evaluation efforts, outcomes, and process improvements.
- Residential and Business Sector Market Assessments
 - Residential Sector - Staff met with consultants from NMR to finalize the existing home and new construction phone surveys scheduled to start next week. Staff also commented and approved the studies 'sample plan' methodology.
 - Business Sector – Staff met with consultants from Navigant and approved the revised work schedule concluding the project by the end of 2011 (per the Department's request). Staff facilitated EEU comment period for on-site data collection goals due back to the Department 5/31.
- Forward Capacity Market Evaluation
 - Staff participated in its weekly internal FCM meeting to discuss project status and resolve issues.
 - Staff visited the Rock Tenn facility in VEC's territory to carry out an onsite interview and gather nameplate information on equipment for verification.
 - Held meeting with EVT regarding a FCM interim process. The DPS provided a framework document to EVT who are providing comment and suggestion based upon this working document.
 - Staff is working on a stipulated lighting report for a retrofit lighting project in Manchester.
- Participated in a Northeast Energy Efficiency Partnerships (NEEP) subcommittee conference call on the Residential Lighting Strategy Group Situational Analysis to be presented at the NEEP Summit in June.

Avoided Energy Supply Costs Study Group

- Attended a conference call, the following topics were discussed:
 - The forecast of Henry Hub natural gas prices, Base case & High case
 - email from Paul Horowitz re impact of shale gas production regulation on gas prices
 - sensitivity analysis memo
 - AESC 2011 comparisons exhibit
 - illustrative comparison of impact of changes from AESC 2009 prices

- impact of a 20% higher annual HH Gas price in 2020 is approximate 14% increase in WCMA annual price
- CO2 externality value, Base case & high case
 - revised carbon section of Task 7C
 - sensitivity analysis memo
- Capacity DRIPE and Energy DRIPE estimates

Public Service Board Dockets

- PSB Tariff Filing #8225: CVPS Alternative Regulation Plan — First Quarter 2011 Power Cost Adjustment Mechanism (“PCAM”) Report. The review of purchase power costs is in progress. This PCAM results in an over collection of \$1,013,725 which will be refunded to customers on a bills rendered basis starting July 1, 2011, and ending September 30, 2011. This will appear as a credit of \$(0.00 185) per kWh on the customers bills.
- PSB Tariff Filing - VGS Purchase Gas Adjustor per Alt. Reg. Plan Compliance Tariffs. Began review of VGS’s compliance tariffs reflecting an overall increase of 9.8% effective with bills rendered on and after July 22, 2011.

Other Items

- Attended the 30th Annual Conference of the Center for Research in Regulated Industries hosted by Rutgers University. The Center, which publishes the Journal of Regulatory Economics, furthers the study of regulation in economics and finance.
- Attended regularly scheduled BioMass Energy Development Group meeting. Group received and accepted the Report of Recent (forest) Harvest Practices in New England and New York. DPS staff provided a current update of the status of the CEP and discussed a subcommittee Report on the Use of Short Rotation Woody Crops for Fuel.

Engineering:

Vermont Yankee Operation

The Vermont Yankee nuclear station is operating at 100%. The station has been online for 197 days. Work is continuing on installing seismic restraints to support the dry cask project. No fuel has been removed from the pool as of yet.

NRC to issue results for Availability and Readiness Inspection of Severe Accident Management Guidelines (SAMGs) on Friday, May 27, 2011

On April 29, 2011, the NRC, in further response to the Japan event, issued a second Temporary Instruction (TI 2515/184), which applies to all operating nuclear power reactors. This instruction is to evaluate the preparedness of a nuclear power station to implement the severe accident management guidelines (SAMGs). The SAMGs are procedures to follow in the event nuclear fuel damage has occurred from an accident or event. The SAMGs were implemented as a voluntary industry initiative in the 1990s and are not a regulatory requirement. NRC is conducting this inspection to provide information to the NRC Task Force that will be providing recommendations in light of the Japan event. The inspection

assesses the availability and how the SAMGs are being maintained, as well as training and exercises to implement the procedures. The State Nuclear Engineer has discussed the inspection results with the Resident NRC Inspector.

VELCO Line Contact

On Monday May 23, at approximately 2:50 PM, a large dump truck made contact with the VELCO New Haven to Williston K43 (115 kV) transmission line. The incident took place on a farm in Monkton when a truck operator was dumping manure in an open field. By the account of the truck operator, who was not injured in any way, he lowered the dump body after making contact with the line, and before exiting the vehicle (approximately 50 seconds after making contact). The single line-to-ground fault caused the breakers to open at the Williston and New Haven substations within 3.5 cycles (58 milliseconds), and one automatic reclose attempt was made (and failed, due to the truck still making contact) within 3 seconds before locking the line out of service. There was some minor damage to both the electrical conductor and the fiber optic cable on the transmission line, both of which were repaired by VELCO. The K43 line was restored to service at 7:51 PM that same day. In regard to system impact, there were no adverse reliability impacts or operator actions/preparations required. The farmer and his employees have been very cooperative and concerned with what happened, and will set up training in the near future for all employees of the farm. The Department will review VELCO's communications with farmers and other equipment operators that could be exposed in a similar fashion. In this case, the driver could have been killed if he had behaved differently.

Update on GMP's 3307 Line Structure on Island that Washed Away

GMP received a permit from ANR to construct a short causeway to the structure, and to place rocks in the Winooski River to stabilize the poles. GMP's legal analysis indicates that no Section 248 permit is required for this work. GMP is weighing this (high cost, temporary) option versus filing a Section 248 to permanently relocate the structure to the shore.

Telecommunications:

FairPoint Petition for Waiver of Certain Requirements under the Performance Assurance Plan ("PAP") – Docket No. 7506 and FairPoint Petition for a Modification to the Performance Assurance Plan ("PAP") – Docket No. 7539 – This docket concerns service quality and associated penalties for the failure of FairPoint to provide adequate service to the Competitive Local Exchange Carriers ("CLECs"). The Board conducted a workshop on 5/26/2011. At the Department's urging, the Board adopted a schedule whereby each party will file the revised metrics that it believes are necessary for the revised and simplified PAP. Another workshop was scheduled for 6/27/2011 by which the time the Department should have an expert under contract who can assess the various proposed metrics.

FairPoint Petition for Approval of a Successor Incentive Regulation Plan – Docket No. 7724 – The Board will conduct a workshop on 6/07/2011.

Otelco Proposed Acquisition of Shoreham Telephone – Docket No. – A prehearing conference has been scheduled for 5/31/2011. While the possibility of a stipulation exists between Otelco

and the Department, the Department has advised counsel for Otelco that the initial Petition is inadequate and that it must file additional testimony.

Telecom Plan – Staff is editing the Telecom Plan to incorporate comments provided by ConnectVT, and to format the text to fit in the InDesign desktop publishing program.

Forward-looking broadband map – DPS staff prepared a map that depicts future broadband plans for VTEL, FairPoint, and the VTA. This map was prepared using the ESRI program ARCGIS Explorer. It appears that this program does not have a very robust georeferencing function, and as a result the program does not always find addresses. This has frustrated the CAPI specialists since it does not allow them to determine whether these addresses are in FairPoint or VTEL territories. The DPS has reiterated its request to VCGI to have these forward-looking layers posted on the broadbandvt.org website.

Comcast subscriber count – While Comcast does not file reports on its retail voice service, DPS staff estimates that Comcast has approximately 80k residential subscribers in Vermont, as opposed to 135k for FairPoint. It should be noted that FairPoint had 220k subscribers in 2007 when Comcast launched its voice service in Vermont. In the territory where Comcast provides service (about 70% of FairPoint customers may choose Comcast), it appears that Comcast has a take rate of approximately 56%, meaning that it has eclipsed FairPoint as the dominant provider. Comcast reaches more than 75% of customers in the 25% of FairPoint exchanges that are heavily populated, but reaches less than 25% of customers in the 25% of exchanges that are sparsely populated.

Broadbandvt.org – Statistics on last 7 days of activity to the site has been provided to Connect Vermont for their use in the press inquiries that they are receiving. As of this week, this data will be provided each week until further notice. Data is retrieved from analytics tracking being done on the site itself. Further data has been asked of CAPI to track disposition of e-mails forwarded to them for action.

CAPI has been receiving many e-mail from the site. Analysis reveals that there was an initial download of substantial proportions (in the 500 e-mail in the first 24 hours range) but that volume has slowed. In the last 7 days, statistics show that e-mail have been sent to CAPI at an average rate of around 42 per day. As the site is still new, it may be anticipated that this average rate will fall in the coming weeks.

FCC Monitoring – The FCC has released a Broadband Report to Congress in which they report that approximately 26 million Americans are denied access to jobs and economic opportunity due to a lack of broadband. These are spread across the country but live primarily in rural areas. This report also concluded that approximately one third of Americans do not subscribe to broadband when it is available to them. This report suggests that this is in response to low digital literacy, cost and privacy concerns. They further support this conclusion by pointing to limited capacity in schools and libraries which is cited as proving broadband is not being reasonably and timely deployed. In spite of these issues, however, the report emphasized that significant

progress has been made, in both the public and private sectors, to deploy broadband services – even with the difficult economy.

Finance:

Legislative Issues/Contacts:

Fin and Econ completed a bill review for H.436—dealing with the property tax valuation of renewable generation facilities. The bill has a direct impact on the department where we will be working with the tax department to complete a study that will be the basis for a recommendation to the General Assembly on how to tax such faculties. We anticipate being able to complete the study within the FY '12 budget appropriation. The recommendation is due in January 2012.

Fin and Econ also participated in a fiscal bill review of S.78---dealing with telecommunications. The bill requires the department to complete a market analysis of the communications market and provide recommendations to the General Assembly. The estimated cost of the analysis is \$50,000 that could be billed back to FairPoint.

Significant Events/Meetings:

Fin and Econ has completed a review of GMP's latest revisions to the MOU and provided comments to legal. No significant changes were recommended.

We completed a review of CVPS's opt-out proposal and the associated rates and provided comments to legal. Additionally, we have provided comments to CVPS that the proposed rates appear reasonable and have no suggested changes.

Vermont Gas filed its quarterly purchase gas adjustment. Rates will increase over 9% due to the 40% increase in Canadian transmission rates. Our review of this filing has just begun.

Information Technology and Innovation - Live demos have begun this week to review and evaluate the joint PSB and PSD case management system finalists. Three demos are scheduled for this week and two are scheduled for June 7. The Sustain demo was held on Thursday and based on the comments from attendees, it was well received. The system provides all of the functionality that we had expected. If there were any weaknesses it was with the outlook interface.

Rate Cases and Tariff Filings

Fin and Econ has begun a review of VPPSA's petition and testimony requesting approval to issue \$28 million of long term debt to refinance the prior purchases of Vermont Transco Membership Units for the benefit of their members and a non-member cooperative. The Board requested that VPPSA provide additional information by May 20 and after reviewing that information has indicated they will have more questions. The department will complete our review after responses have been received from VPPSA to the second round of questions.

Washington Electric Coop rate case-we held a teleconference with our consultant to review negotiation options for our next meeting with WEC. We originally recommended over \$700k of

adjustments to their cost of service and WEC came back agreeing on only about \$60K of adjustments, which indicates there may be more contention than we anticipated. We are finalizing adjustment options that now total about \$400k. At this level the adjustments are reasonable and we continue to be optimistic that we can reach a settlement, but given their low response rate from our initial meeting, this has the potential for litigation. This week, however, negotiations are continuing and we remain optimistic.

Catamount/Bolton rate case—269% rate increase. We have drafted discovery questions are awaiting responses. They have hired the department's former Chief Economist (Ray Koliander) to prepare a revised cost of service. He has circulated a draft that breaks down the rate increase into two parts...for the first year the rate increase would be about 170% followed the next year with about a 40% rate increase. This week there was a teleconference to review the revised cost of service and discussions will continue into next week. It is probable a settlement will be possible with the revised cost of service.

Okemo Water—this water company has filed for a CPG and the department has prepared and filed testimony (Susan Martin) in the case this week. The issue in the case is who should pay for a larger reservoir, the developer or the customers.

Vermont Public Power Supply Authority (VPPSA)—has filed a petition pursuant to 30 V.S.A. § 108(a) for authority to Issue Long-Term Debt for the purpose of financing Its 9.36% ownership share of costs related to the Highgate Converter Project. The Department recommendation is due to the PSB by June 10. Our review continues.

Financings, Mergers, Acquisitions, Change of Control

Fin and Econ participated in a teleconference call with Shoreham and Otelco officials to ask questions regarding the sale. Otelco plans to purchase all of the stock of Shoreham in a straight cash deal for \$4.5 million. In reviewing Otelco's financials they are highly leveraged, have little net income, and are in a financial position that is not totally dissimilar from that of FairPoint. Our review of their petition for a change of control has just begun. Their responses to our questions were encouraging. They wanted to draw a bright red line about the differences between themselves and FairPoint. Their points were valid—they are not the minnow who swallowed the fish, but just the opposite; they have a management team in place that knows how to operate a telco; they have information systems in place that work; they don't have to borrow money to make the acquisition, they plan to pay cash and they have been paying down debt with excess cash. They agreed to provide us a B&B report and their 5 year financial plan that will help us conclude our review. There are no glaring issues or impediments at this point—though they do need to address with testimony the 15 points the PSB normally requires as part of a sale or acquisition. This week we received the B&B report and their 5-Year financial plan and have begun a review of the "risks" that may be associated with acquisition.

Emerging and Developing Docket/Settlement Activity

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

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

We received a draft copy of the GMP tariff last week, routed it for department review, and provided written comments to GMP this week. They have revised their filing and filed it with Board this week---very quick turnaround. We expect to recommend the tariff for approval without hearing or investigation. This week we received their filing and have begun our review. We have verbally indicated to GMP that we will have no suggested changes and will most likely recommend that it be approved.

We had discussions with CVPS this week and have received their proposed tariff that was filed with the Board on Thursday. This week we have indicated to CV that we have no changes to suggest and will likely recommend the tariff for approval without hearing or investigation.

Smart Grid Activity

CVPS Smart Grid Plan – CV is having difficulty in wanting to develop and offer a real-time pricing option.

GMP Smart Grid Plan Update - GMP has completed a rate impact assessment and a “rate roadmap” for introducing dynamic rates that they have indicated they will file with the Board. This week we received a revised draft of their opt-out proposal that is currently under review.

Other

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

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

3 positions in Finance---the updated candidate list has been narrowed to the top four candidates for 2 of the 3 positions that will be presented to Liz and Sarah for review and approval to begin interviews. The other position (Erin Lawrence) has been posted and will remain open until May 27.

2 positions in Public Advocacy---the candidate list is being reviewed and a candidate has been identified for the part-time position.

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

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

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

116 STATE STREET
MONTPELIER, VERMONT 05620



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

Chuck Ross, SECRETARY

STATE OF VERMONT
AGENCY OF AGRICULTURE

Confidential and Privileged

TO: Gov. Peter Shumlin
FROM: Chuck Ross, Secretary of Agriculture
RE: Weekly Memo
DATE: May 27, 2011

Status of Governor's Priorities:

Jobs in Agriculture

Legislative Issues/Contacts:

Press Issues/Releases/Contacts:

Press Issues/Releases/Contacts:

- State veterinarian provided information on the Veterinary Medical Loan Repayment Program during a WCAX interview on 5/24. During that same interview, reference was made to the state program appropriation authorized by H.287.
- State veterinarian will be providing information to VPR about the Equine Herpes Virus outbreak that stems from exposure during a cutting horse competition in Utah several weeks ago. Thus far, none of the tracebacks have involved horses from Vermont.
- State veterinarian answered questions this week from Candy Page, reporter from the Burlington Free Press about the status of the Irasburg cervid facility regarding compliance with Agency laws and rules.

Press Releases

- State Alerts Horse Owners of EHV-1 Outbreak in Western United States
- No Vermont Horses Known to be Exposed to the Virus
- Wet Weather Raises Concern for Late Blight
- Late blight attacks tomato and potato plants and spreads rapidly
- Leahy-Backed Agriculture And Capital Initiatives Aim To Grow Vermont's New Economy

Media Inquiries

- Concern over possibility of Late Blight
- Continued concern regarding farms and flooding

Date	Media outlet	reporter	Topic	Interview Request	Coordinated by	Complete
5/23/2011	WCAX		AIC press Conference w/Senator Leahy	Secretary Ross	Kelly	5/23/2011
	WPTZ					
	Fox 44					
	VPR					

	Charlotte News					
	Rural Route					
	BFP					
5/23/2011	BFP	Candy Page	Pete the Moose	Dr. Haas		5/23/2011
5/23/2011	BFP	Candy Page	Water Quality & flooding	Secretary Ross	Kelly	5/23/2011
5/24/2011	WCAX	Keith	Late Blight	Tim Schmalz	Kelly	5/24/2011
5/24/2011	VT Digger		Flooding & Farm First		Kelly	5/24/2011
5/24/2011	Discovery Channel	Dan Monroe	Overview of VT Ag.	Secretary Ross	Kelly	This was an introduction and overview of a possible Discovery and Learning channel interview with the Secretary
5/25/2011	BFP	Nancy	Agricultural Fairs & Field Days	Jackie Folsom	Kelly	5/25/2011
5/26/2011	VPR	Lynn	Late Blight	Tim Schmalz	Kelly	5/26/2011
5/27/2011	VPR	Neale Churnoff	EVH 1	Dr. Russo or Haas	Kelly	5/27/2011

Upcoming Press Events:

Significant Events/Meetings:

A meeting was held on 5/24 involving many private, state and federal government dairy stakeholders to roll out plans for development of a regional milk movement permitting system within New England in the event of a Foot and Mouth Disease outbreak. The evidence supporting this type of progressive planning is overwhelming, both with regard to the economic impact to the dairy industry and the ability to market milk that might otherwise have to be dumped if Vermont were to handle this situation independently. Specifically, Vermont could expect to lose over 3,600,000 pounds of milk **per day** if stop movement controls were set at the state level and only 358,000 pounds **per day** if the controls are set at the regional level. Neither number is appealing, but there is a vast difference between the two. The economic impact correlates with this and lends strong support to the credence of this planning effort. Ultimately, the New England States Animal Agriculture Alliance consisting of the 6 New England state veterinarians and the Region 1 USDA office (the organization under which this planning effort is being carried out) hopes to have the six New England state governors and state emergency management officials agree to this plan.

Debrief meeting held with Commonwealth Yogurt. Meeting included owners of Commonwealth, Agency of Commerce, Agriculture, regional economic development authority, town of Brattleboro and lawyer for Commonwealth. Many topic areas covered but those of interest to Agriculture – why choose Vermont. Milk supply, intangible of teamwork and accessibility to Government officials and information. One or two calls and could get through to Secretary of Ag or Commerce for assistance. Other states did not happen. Owners from New England and had an idea of Vermont Brand value – need to do a better job selling that to prospective business that may not be from the Northeast. Importance of milk supply cannot be discounted. Quality and volume important. Also provide food for thought on how information is present surrounding dairy industry and milk supply. Potential to recruit more aggressively and provided insights on materials that would be most effective. **IMPORTANT CONNECTION** to information above regarding continuation of milk movement and processing if an **ANIMAL HEALTH** emergency occurs such as foot and mouth disease. New England state government support of the program will be of great benefit to dairy farmers and processing businesses in VT and New England.

Evolving Issues:

Documents were signed on May 26th authorizing the transfer of \$21,000 from WTF to VAAFAM for purposes of funding a third party contractor's visit to Vermont to provide on site technical assistance to licensed slaughter facility personnel as well as an introduction of the bi-lingual training materials that have been developed.

The Food Sovereignty movement that begun in Maine with local towns passing ordinances exempting their food producers from needing to follow state or federal statutes or regulations, has spread to Massachusetts. The state of Maine and the USDA FSIS has reacted to this effort to preempt federal laws, which has mostly consisted of letters from state officials indicating that these ordinances are illegal, and an increased presence of state and federal investigators looking for illegally produced product in those areas.

The town of Barre has passed a similar food sovereignty non-binding resolution, so the Agency is now in the process of starting discussions with the VT Department of Health and Agency Lawyers about how to proceed in this matter. This will be very public and will potentially become an issue for legislature in 2012.

In re VELCO Georgia Substation PSB #7731. VELCO's rebuild of the Georgia substation impacts about 5 acres of primary agricultural soils, in the Agency's opinion. VELCO has signaled opposition to 1) the Agency's involvement in substantive issue in PSB proceedings, 2) the Board's consideration of impact to primary agricultural soils in section 248 proceedings, and 3) concept of required mitigation for impacts to primary agricultural soils in 248 proceedings. The underlying issue – consideration of impacts to PAS in 248 proceedings – was identified in transition document as needing policy level discussion. The Agency has filed its Motion to Intervene but may withdraw it, depending on policy decision. Counsel for VELCO and the Agency agree this project is probably not the case where it makes sense to litigate the underlying issues.

Big E no-cost vendor contracts. It has come to the Agency's attention that a long-time Big E vendor in the Vermont building, a prominent for-profit Vermont business, has been using volunteer labor from Springfield MA area non-profits to staff its booths for years. All vendors are now under standard state no-cost contracts. This practice violates, at a minimum, federal fair labor standards. The Agency is working with the Vermont Dept. of Labor and the contracted vendor in an attempt to resolve the situation without termination of the contract.

Summary of Key Agency Department Activity:

Administration

All Agency Staff meeting held on May 26. Provided an update to staff on transition to new administration, Secretary's Ross' vision on agriculture, travel requirements, IT projects at the Agency, legislation that passed in 2011 session, division updates and upcoming strategic planning with Governor and Agency of Ag. Questions were posed to the staff to assist with strategic planning process. Will be soliciting input and assistance during the strategic planning process. Meeting concluded with presentation from Governor Shumlin and the Governor was able to join the staff during cookout lunch!

Ag Development

During a visit to an organic grain farm in Charlotte this week, U.S. Sen. Patrick Leahy unveiled two dozen value-added agricultural projects and the creation of a new risk capital fund for value-added agricultural and green economy businesses in Vermont.

The Vermont Agricultural Innovation Center, created by Leahy using \$2 million in congressionally-directed appropriations and administered by the Vermont Agency of Agriculture, funds state-based programs that provide technical, marketing and organizational development services to value-added agricultural businesses.

“Value-added” businesses include farms that do some level of processing for raw products, alternative production such as organic, diversified farming, or local foods marketing. A full list of the Agricultural Innovation Center recipients recognized Monday is attached.

UVM Extension and Northern Grain Growers Association	
Technical Assistance to Grain and Hops Producers:	\$68,095
Vermont Housing and Conservation Board	
Vermont Farm Viability Program:	\$150,000
Vermont Sustainable Jobs Fund	
Vermont Agricultural Development Program:	\$75,000
Vermont Agency of Agriculture - Train the Trainers:	\$5,000
Vermont Livestock and Slaughter	
Facilities Expansion, Preparation and Planning:	\$14,104
Green Mountain Farm to School - Green Mountain Farm Direct:	\$13,333
The Addison County Re-localization Network (ACORN Network)	
ACORN Wholesale Collaborative Online Platform:	\$20,000
The Intervale Center - The Intervale Center Dairy Barn:	
Rebuilding Vermont’s Agricultural Infrastructure:	\$11,837
Rutland Area Farm and Food Link (RAFFL)	
Green Mountain Food Hub:	\$26,667
Vermont Agency of Agriculture	
Regional Beef Market Development and Networking:	\$23,080
Northern Grain Growers Association	
Market Development for Locally Sourced and Milled Grain:	\$23,950
Vermont Cheese Council - Producer / Selling Relationship Building:	\$9,570
Vermont Fresh Network - Agriculture Culinary Tourism Website:	\$45,000
Vermont Cheese Council -Vermont Cheese Festival:	\$15,000
Vermont Ice Cider Association – Ice Cider Festival:	\$6,000
Vermont Specialty Food Association – Specialty Food Trade Shows:	\$30,000
Vermont Agency of Agriculture – Vermont Branding Program:	\$52,000
Vermont Agency of Agriculture – Taste of Place:	\$25,000
Vermont Fresh Network – Product/Producer Mentoring and Assistance:	\$9,000
NOFA-Vermont – Farmer’s Market Association Development:	\$13,222
UVM Peer to Peer Hops – Networking for Hops Growers and Producers:	\$12,403
Distilled Spirits Council of Vermont – Organization Development:	\$10,375
Farm to Plate – Leadership Development:	\$25,000
Vermont Agency of Agriculture – Humane Handling Training:	\$10,000
Franklin Grand Isle Workforce Investment Board – Internships:	\$16,500
Highfields Center for Composting – Internship:	\$7,620
NOFA – Vermont – Journey Farmer Program Pilot:	\$17,301
AIC Funds:	\$735,057
Matching Funds:	\$1,238,923
Total Impact for Vermont Agriculture:	\$1,973,980

In re Salvas Act 250 appeal to Environmental Division of Superior Court. AAFM and the Land Use Panel of the Natural Resources Board are exploring with Salvas the possibility of settling in order to spare all parties the time and expense of trial. Savlas’ amendment application was denied by the District Commission on “finality” grounds because of a condition in the original permit related to primary agricultural soils. The same condition implicated “view” so the Panel also has an interest.

Food Safety and Animal Health and Consumer Protection

Consumer Protection

Animal Health Field personnel –

- Attended 2 livestock sales at Addison County Commission Sales. Collected sales information for inclusion in the Agriview
- Coordinated with the Rutland County Humane Society on an Animal welfare call
- Contacted the owner of an Animal Rescue shelter and explained licensing process
- Collaborated with the NY State Veterinarian on an import violation case
- Provided technical assistance to a beef producer concerned with Johnes disease

Assistant State Veterinarian-

- Performed Vermont Euthanasia Board duties at the Windham County Humane Society. Evaluated candidates for Certified Euthanasia Technician registration. Inspected the Humane Society facilities to ensure compliance with State statute
- Referred a complaint from the Wolcott Town Health Officer to the ARMES division in regards to farm animals near a resident's well
- Investigated a complaint of a local veterinary practitioner who was distributing drugs without labels. Contacted the veterinarian and explained state and federal labeling requirements
- Consulted with a veterinary practitioner in regards to a Salmonella outbreak on her client's farm. Reported the case to the Public Health Veterinarian at the VDH
- Provided regulatory guidance to practitioners in California in regards to transporting horses to Vermont
- Reviewed daily reports of the ongoing Equine Herpes Virus-1 problem in the western United States
- Collaborated with UVM Extension on distributing Animal Health Network outreach materials

Meat Inspection Points of Interest

- Cavendish Gamebirds has transitioned to voluntary slaughter this week. They will now be charged for inspection services provided.
- Consulted with individual in Morrisville for a halal type of slaughter facility for goats.
- Filled FOIA request for Greenfields Highland Cattle.

Ag Resource Management

DEC and VAAFM enforcement sections met this week to review how we can improve cooperation and ensure consistent enforcement outcomes for the agricultural community as per an existing MOU between agencies. Two key outcomes were resolved, 1) each agency will notify a lead person in the other agency of each agricultural water quality investigation as it happens rather than after the fact. This will allow the local agent in the field to know real time what is going on. 2) Prior to any decisions being made on cases that fall into both agencies jurisdictions we will work together to identify who will take the lead and each have an understanding of the outcome. The meeting was very successful and we intend on meeting again this fall and doing some joint trainings at the field staff level in the meantime.

Secretary's Commentary:

Secretary Ross undertook the following activities:

MANAGEMENT:

Agency Conference

Sec Ross continued to work with Agency staff and the Governor's Staff on the NEASDA conference at Jay Peak. The Governor is planning on attending a portion of the reception Sunday evening. The reception is getting to be close to 100 people in size with over 60 people attending the 2.5 day conference.

Agency Staff Meeting

Deputy Secretaries LaClair and Bothfeld helped Sec Ross lead an Agency wide Staff meeting in the Pavilion auditorium followed by a lunch on the State House lawn. The Governor addressed the meeting and joined the staff for lunch and was well received.

Agency Building Issues

Sec Ross met with various members of the BGS staff and contractors to understand the Agency building rehab project, its impacts and time line to develop strategies to mitigate the impact on the staff and the productivity of the staff. Temporary and portable air conditioning is a like remedy while the building is enveloped in staging and plastic as part of the building. No clear remedy for the historical unacceptable summer temperatures in the building which reach into the 90s has been identified. Ross anticipates pushing hard for a permanent remedy or management option to alleviate the anticipated burden on the employees.

POLICY:

Law Suit Relating to Land Conservation

Sec Ross met with attorneys from the State and VHCB as well as staff from the Agency and VHCB to discuss the law suit filed against the Agency and VHCB relating to the pending Yates purchase of conserved land in Addison County. The conserved land has easement on the land (OPAV) that allows the VT Land Trust, VHCB and/or the Agency to exercise the provisions of the OPAV to allow anyone of the parties to purchase the land rather than selling the land to a non farmer or an unqualified farmer. VLT is attempting to exercise the OPAV as their right and belief that Yates does not meet the criteria of being a farmer as required by the easement. VLT, VHCB and the Agency recognize the land in question is an important agricultural resource in the area whose continued use in farming will be important to the agricultural economy of the area and whose use by nearby farmers could be very important to those farmers. Yates is suing the three aforementioned parties in an effort to purchase the land by challenging the exercise of the OPAV. The VHCB and the Agency met Thursday and will meet with VLT to discuss how to respond to the suit. The options range from fighting the suit and thereby enabling VLT to purchase the land, attempting to settle with Yates in a way that would allow the land to stay in farm use or relinquish their interest in trying to exercise the OPAV. A decision has not yet been made but VHCB and the Agency are being represented at this time by the Attorney General's office, Asst. AG Mark Pantane. A course of action is likely to be determine in the next few weeks.

Current Use

Sec Ross participated in calls and conversations with the Governor's staff and members of the Tax Department to develop a course of action relative to a Current Use provision signed into law as part of the Miscellaneous Tax Bill. A course of action was identified and by weeks end there appears to be agreement that the law will not require any penalties per the components of the bill for two years. This provides time to adjust the bill in the next legislative session which should alleviate the concerns of the potentially affected Vermonters.

Manure Discharge Avoided

Sec Ross and Agency staff worked with a farmer in Williamstown to fix a weakened manure pit is threatening to fail. If the failure were to occur thousands of gallons of manure in the pit would discharge into a stream not more than 50 feet away. The day the Agency received the call staff visited the farm and began to develop strategies to address the problem. This included reaching out to VEDA to identify financial resources that could be immediately expended and supported by other Agency Best Management Practice funds to pay for a contractor to begin work immediately to avoid a failure. By Thursday night a temporary remedy was implemented to relieve pressure on the pit and accommodate the massive rainfall. By Friday everything was in place and a contractor was heading to the farm to begin work.

MEETINGS AND EVENTS:

AIC Event with Leahy

Sec Ross celebrated with Senator Leahy the announcement of over \$700,000 of AIC awards to over 20 projects involved in the agricultural economy. These funds leveraged over \$1,200,000 of additional monies. The project award recipients, supporting organizations, Agency Staff, Secretary Lawrence Miller and other interested parties joined the farm hosts at Aurora Farms in Charlotte for the event. It was well attended by the press.

Energy Bill Ceremony

Sec Ross joined the Governor, developers of the solar project at South Village, legislators and interested members of the public and energy sectors for the Energy Bill signing. Sec Ross spoke about the convergence of agriculture and energy at the event.

Sandia Lab Initiative

Sec Ross met with Sec Miller and Commissioner Miller to outline a strategy about how Vermont State Government can participate and contribute to the effort being led by UVM and the Congressional delegation to bring Sandia Labs to Vermont. The focus of their presence would be to partner with Vermont entities like the State, IBM, UVM and other energy players to build a Smart Grid focused effort to capitalize on the presence of a statewide smart grid in Vermont.

Prospective Milk Processing Business

Sec Ross, Sec Miller and Dep Sec Bothfeld met with a representative of Carmel Crème about their interest in building a plant in Vermont to manufacture carmel from whole milk. The interest is only preliminary and Dep Sec Bothfeld is going to follow up with them on matters pertaining to milk supply and location. Their interest in Vermont is driven by the quality milk and the Vermont reputation.

Farm Viability

Sec Ross met with the VHCB Farm Viability Board and reviewed recommendations of applicants for funding.

Water Quality

Sec Ross joined the Governor and David Mears in speaking at the Friend of Northern Lake Champlain on Thursday evening. The event went well and Ross emphasized that this is an issue that was created over decades, it is an issue we all own and the solution will require a collaborative community response and some difficult choices over resource allocations.

Executive Privilege

TO: Governor Peter Shumlin

FROM: Secretary Brian R. Searles

DATE: Friday, May 27, 2011

SUBJECT: VTrans - Confidential Report to the Governor

The Circ

VTrans met with FHWA partners to assess strategies for our goal of advancing a suite of transportation improvement projects within the project area, in lieu of the original Circ project. In order to avoid liability for expenses previously invested into the original Circ project, VTrans will **need to proceed with the Army Corps of Engineer Sect. 404 wetlands permit (as we did with the Record of Decision)**. The Federal Highway Administration attorneys are nervous about having to prove, in a potential lawsuit, that the attempt to phase Segments A & B is nothing more than a cover for killing B. Apparently, some news stories went too far in that direction for their liking. A meeting will be scheduled for the next couple of weeks with their legal staff to convince them that we want a fully permitted project because we intend to build it and that the phasing is mainly because we can't afford to build A & B simultaneously. Once the phasing is approved we will be free to take on other potential solutions to the problems addressed by the Circ A & B.

This is the first time we've heard these fears about phasing (a route that they suggested a couple of months ago). It is based on a theory that CLF or some other group will file a lawsuit to begin the entire EIS process because Segment A ostensibly doesn't meet the stated purpose and need of the project. Our contention, and that of the local FHWA, is that A and B have independent utility. We will have to profess our commitment to A and B in a convincing enough way to get the DC lawyers to allow FHWA to proceed with a phasing plan after the project is entirely permitted. We do need the water quality permits and believe the best way to proceed is to have the Corps of Engineers issue the 404 as planned and then proceed with phasing. An intervening action might be the veto of the 404 by the Environmental Protection Agency.

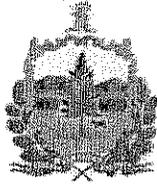
Cross-Border Rail Work Group

This group met on Wednesday in Burlington to spell out steps needed to make US/Canada service improvements work. I am concerned that our own government is our biggest problem as neither the U.S. Customs and Border Protection nor the Federal Rail Administration sent policy people with decision-making authority to this meeting. If this continues, I think the Canadians will get frustrated with our efforts. I know Ambassador Chretien, for instance, already thinks it's time to take concerns to the highest levels of the U.S. Government.

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

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

www.anr.state.vt.us



Deborah L. Markowitz
Agency Secretary

Christopher Recchia
Deputy Secretary

**State of Vermont
Agency of Natural Resources**

CONFIDENTIAL and PRIVILEGED

To: Governor Peter Shumlin
From: Deborah Markowitz, Secretary, Agency of Natural Resources
Date: May 27, 2011
Subject: ANR Weekly Report

Status of Governor's Priorities:

Kingdom Community Wind/Lowell: ANR staff met and began review of the decommissioning plan, revegetation plan, and invasive species monitoring plan for the Kingdom Community Wind project in Lowell. The Certificate for Public Good is expected to be issued soon for this project and GMP is pushing to get all aspects of the project that require ANR approval under the stipulation resolved. It is a challenging pace.

Jay Peak proposed expansion. Sometime soon I should brief you on Jay Peak expansion proposals that my staff say may be problematic from an environmental perspective. They have not become specific with their proposal yet – so we are trying to give them some ideas about where the problem areas are so that they might design

Governor Award Programs - Recipients of the 2011 Governor's Awards were notified this week. An article was carried in Club and Resort Business Magazine about Stowe's participation in our Green Links program, and provided some good PR for our program. a project that will pass environmental muster.

Legislative Issues/Contacts:

H.91 Bill Signing: A bill signing ceremony is scheduled for May 31 at 2:30 p.m. for H.91, the captive hunt/public trust bill. The event will take place at the Barre Fish & Game Club; representatives from the many disparate organizations that supported the bill have been invited to attend.

H. 77. We have been in contact with a few legislators about the Veto of H.77. It came as a bad surprise and we will continue to work to mend those relationships. My sense is that they are more annoyed about the surprise than angry about a difference of opinion about the underlying policy.

Press Issues/Releases/Contacts:

Press Contacts: Staff responded to an inquiry from a writer of the In-Fisherman magazine regarding the pike-pickrel hybrid. One of our rivers staff wrote a great piece that ran in the Sunday Herald about protecting our river corridors and its contribution to flood resiliency. We responded to many inquiries related to Vermont Yankee and the appeal of the NRC license as well as the status of the thermal discharge permit. I was on Vt edition talking about the climate cabinet. Staff also responded to many calls about flooding in Central Vermont.

The spring issue of the Vermont State Parks e-newsletter was distributed yesterday to over 24,000 people. We are receiving lots of media attention from WCAX, VPR, and 7 Days.

Significant Events/Meetings:

- **Environmental Court denies our request for appeal but rules that we can craft an appropriate public trust test.** The Environmental Court denied the Omya and ANR motions for interlocutory appeal but said that it was not requiring ANR to apply the public trust analysis for surface waters to groundwater. (We were appealing to clarify this issue – so the decision was a win for us.) The matter is remanded to ANR to determine the correct public trust analysis for groundwater. In addition, the Court declined to invalidate the Omya Certification in its entirety (we argue that this means that they can continue operation in the interim). The decision is consistent with ANR's position. We are working on a public trust for groundwater test and are giving all interested parties – including Omya and the environmental law center – an opportunity to weigh in before we finalize them.
- **Entergy Nuclear Vermont Yankee:** An appeal of the NRC license was filed based on the failure of ENVY to apply to ANR for a Water Quality Certification as required by §401 of the Clean Water Act.
- **Lake Memphremagog International Steering Committee:** Water Quality staff attended a meeting of the International Steering Committee for Lake Memphremagog. There was considerable dialogue regarding the ongoing solid waste permit variance applications for the WasteUSA Coventry site. Quebec watershed stakeholders are concerned about plans for expansion and application of leachate from the facility.
- **Friends of Northern Lake Champlain.** Thank you for the great job you did at this event at Tyler Place. David Mears also had an opportunity to talk to the smaller groups. We found the reception warm. David has spent a lot of his time connecting with groups in Franklin County to discuss their concerns about water quality in Lake Champlain and it seems to be paying off.

SUMMARY OF KEY DEPARTMENT ACTIVITY

- **Vermont Climate Collaborative Charter Members Meeting 5/18:** Vermont Climate Cabinet co-chairs Markowitz and Mary Watzin (UVM) met with the charter members to discuss the future of the collaborative. We plan to recommend to the president of UVM and the governor to dissolve this group and incorporate it as an advisory body to the climate cabinet. Thirteen of the eighteen charter members

were present to discuss two questions: 1) What is the best way to provide the climate issue think tank that the collaborative was originally intended to be and 2) how to maintain the stakeholder participation function that the collaborative effectively provided?

- **Johnson State College; Lower Pond Dam (high hazard):** Through the annual safety inspections performed by the Dam Safety Program, deficiencies including a deteriorating outlet barrel and riser and increasing seepage were noted at the Lower Pond Dam located on the Johnson State College campus. It was therefore recommended that draining of the pond begin immediately. Johnson State began draining the pond early this week and it is expected the draining will take no more than one week. Plans are being developed to repair the dam sometime this summer.
- **Windsor Upper Dam (high hazard):** The Town of Windsor has retained a contractor and an engineering firm to begin the lowering of Kennedy pond by siphoning. Planning is underway by the Town to address a stability concern on the left end of the dam and future repairs or alterations
- **OMYA:** The Solid Waste Management Program sent a letter to Omya outlining our position in regards to the beneficial use of Omya's tailings. Omya sent a response which clarifies their position, and makes certain jurisdictional arguments and asked for a meeting.
- **Bear Rehabilitation:** Staff worked to release two 1.3 year-old bears that had been picked up and placed with a bear rehabilitator as orphaned cubs last year.
- **Windsor Prison Farm:** Staff participated in a meeting of the Windsor Integral Sustainability Initiative (WISI) involving planning for the future use of the Windsor Prison Farm lands. Progress was made in moving this along so that a large portion of the nearly 1,000 acre property will become a Wildlife Management Area. An unsettled issue is who will manage the large amount of agricultural land on the property. Questions also remain as to what level of recreational trails would be allowed and if BGS will continue to make the PILOT payments on the entire property.
- **Vermont Tissue Dam/North Bennington:** Preliminary work began to analyze the current operating configuration and proposal from a developer who would like to install hydropower at the Vermont Tissue dam in North Bennington. While the project is proposed to be run-of-river, the existence of two river bypass channels and a third excavated tailrace channel greatly complicates water management and conservation flow provisions.
- **State Parks are open and doing well.** With the exception of the six state parks that will not be opening this Memorial Day weekend due to Lake Champlain flooding (Sand Bar, Kill Kare, Alburgh Dunes, Burton, Knight and Woods Islands), the remainder of the 46 park system is ready for full use. All campgrounds are at or near capacity for Memorial Day.
- **Scenic Highway development project.** Partners in this project (it is in Smugglers' Notch) has been working on finding resources to match a federal grant for the next phase of the project including renovating the historic Barnes Camp into a visitor center for the park.
- **ADA access plan.** Forests, Parks and Recreation and Department of Fish and Wildlife staff are working with staff from the Vermont Center for Independent Living to discuss the development of an ANR

policy to comply with the recently adopted Department of Justice rules relating to use of powered mobility devices on trails by people with mobility disabilities.

- **VTel Planted 350 trees.** Vermont Telephone Company, Inc. (VTel) recently sponsored the planting of more than 350 cedar, spruce and pine trees in riparian habitat in the Pomainville Wildlife Management Area, in Pittsford. VTel has an ongoing policy of significantly reducing its carbon footprint. The planting was conducted by the FPR and F&W District 2 Staff. Since 1994, VTel has sponsored the planting of thousands of trees in Vermont along with other conservation projects in the state.
- **Emerald Ash Borer prevention.** Forests, Parks and Recreation offices have set “purple traps” to monitor for the potential invasion of emerald ash borer. The Division of State Parks continues to discourage campers from bringing firewood from their home areas into the Parks. In other states, this has proven to be a major transport route for invasive forest insect pests. VT State Park campers with firewood they have transported more than fifty miles are provided with free local wood in exchange for theirs.
- **Telecommunications:**

Mt. Ascutney – New Hampshire Electric Co-Op has submitted an Act 250 application for installation of multiple new antennas at the North Peak site on Mt. Ascutney. ECA and WNNE are continuing to work on removal/replacement of the failed backup generator at the North Peak site. The backup generator has been ordered and will likely be installed on site later this summer. Forests, Parks and Recreation will be holding a public meeting on May 26 on the Ascutney Management Unit long range management planning process. We have invited telecom providers at both the North and South Peak sites at Ascutney to attend this meeting and provide input to the planning process.

Okemo Mt. - VELCO has submitted an application and related information to VTA regarding a proposal to establish a telecommunications facility at Okemo Mt. as part of their statewide radio project. This project would be on state forest land under lease to Okemo ski area. Several local emergency responders are also interested in locating at this site.

- **Forest Legacy.** We recently learned that Vermont will receive \$2million in Forest Legacy funding for federal fiscal year 2011. This will help the state purchase a working forest easement on the 1000± acre Canada View parcel in the Town of Jay and the fee-simple purchase of the 300± acre Zach Woods Pond property adjacent to Green River Reservoir State Park in the Towns of Wolcott and Hyde Park.

Recreation Trails Program (RTP) Update

The Vermont Department of Forests, Parks & Recreation will be awarding RTP grants, totaling \$432,070, to the following municipalities and non-profit organizations for the following projects:

<u>Project Sponsor</u>	<u>Trail Project</u>	<u>Grant Award</u>
VAST	Statewide Winter Grooming	\$187,722.00
VT Off-Highway Vehicle		

Recreation Association	Hardwick-Woodbury Recreation Rail Trail	\$11,950.00
Shelburne	Laplatte Nature Park Trail	\$20,000.00
Fairfield	Fairfield Recreation Access Path	\$19,500.00
Stowe Land Trust	Mill Trail to Bingham Falls Restoration	\$19,981.00
Williston	Hill Trail Sucker Brook Footbridge	\$20,000.00
Jericho	Mobbs Farm – Mobbs Valley Trail System	\$20,000.00
Green Mountain Club	Long Trail Glen Ellen Lodge Renovation	\$19,886.00
Moosalamoo Association	Leicester Hollow/Robert Frost Wayside	\$18,900.00
Waitsfield	Scrag Forest Trail	\$20,000.00
VT River Conservancy	Connecticut River Paddlers' Trail	\$ 2,013.00
Rivendell School District	Cross Rivendell Trail/Britton Trail	\$ 4,374.00
Essex (Town)	Indian Brook Trail Restoration	\$16,289.00
VT River Conservancy	Canaan Connecticut River & VAST Trailhead	\$18,515.00
South Hero	South Hero Recreation Park Trail	\$19,651.00
Bakersfield	Bakersfield Village Trail	\$13,289.00

Confidential and Privileged

To: Honorable Governor Peter Shumlin

From: Annie Noonan, VDOL Commissioner

Weekly Report: Week Ending May 27, 2011

Update on VDOL Funding Issues

Charlie Teske (VDOL Fiscal Chief) and I met this week with Jim Reardon and Mike Clasen to go over VDOL's budget issues. I advised that we were doing an assessment of how long we can maintain Workforce Development staff on current monies, as well as a "side by side" of our staffing-to-current vacancies, particularly looking at offering the WD staff the option to transfer to UI. We anticipate the cuts to impact, relatively soon, about 6-10 staff. Jim Reardon has advised us not to initiate any reduction-in-force process at this time, with the thought that we can take care of some staff by the shift to UI, possible attrition and perhaps other options. We have also been given a longer reprieve to see if we can find the \$50K in GF rescission money. VDOL staff members are aware of our fiscal situation, and we are sensitive to their job security concerns. As such, I sent the following message the other day:

Dear VDOL Staff:

As you may know, we have recently received "State-specific" information from the USDOL regarding funding cuts that we have been anticipating. The WIA money for Youth and Adults has been reduced by about 10.5%, Dislocated Worker program by 30%, TAA rolled back to 1992 levels, and VDOL's administrative cost allowance reduced to 5%. You can review information from USDOL at this link: http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3021

Despite this news, I want to assure you that we are doing everything we can to carefully develop options to protect and preserve our staff and programs for Vermonters. Months ago, when we first heard that Congress was targeting workforce development and training money, Workforce Development Director Beth Kuhn and I agreed that a prudent approach would be to restrict new spending in these federal programs except as critically needed. Furthermore, I had asked UI Division Director Tracy Phillips to hold UI position vacancies as long as possible so that we could help transition WDD staff to UI jobs as needed. To that end, VDOL is posting almost all vacancies as "Internal only" at the current time, and staff members are encouraged to review the postings in UI in case any of the positions are of interest to you.

VDOL Fiscal Chief Charlie Teske and I have been working to resolve our portion of the General Fund rescission in a way that won't further exacerbate our fiscal situation. Governor Shumlin, Secretary Spaulding, Deputy Secretary Clasen and Finance Commissioner Jim Reardon all have been very helpful. They support VDOL programs and services and do not want to see reductions in our staff or services. I am confident that we will be assisted and authorized to implement varied solutions to address our fiscal problems. We continue our analysis of the impact of these reductions. We are running the numbers against our current and projected FY budgets, program restrictions and obligations, and other critical information points. I ask all staff to be judicious and conservative in all spending areas. Once we have more information, we will share it with you. You are the Department's most valuable resource, and we will work hard to maintain VDOL staff and programs, now and in the future.

UI Trust Fund Borrowing: Borrowing information again remains unchanged at \$77,731,860.63. Again, we did not borrow from the federal fund this week. Staffing continues to be a challenge in the Claims Center, as we are down 4 permanent adjudicators, 2 LS adjudicators, and several CSR staff.

Confidential Legal Issue for Governor's Attention: VDOL has received a serious complaint about E-Corp English, headed by Deborah Schwarz. The case may involve wage and hour violations, UI and WC violations, and possible criminal activities. I advised the Governor's staff under separate memo.

Other issues under "Legal": VDOL's complaint against AOT in a VOSHA complaint, failure to supply required safety equipment to employees working over water. Negotiations for this settlement have apparently "stalled". I will contact Sue Minter again. Also, Agency of Agriculture and VDOL are working together on a wage and hour violation by Cold Hollow Cider. Senator Illuzzi is asking VDOL, BISHCA and AHS to investigate a WC carrier for unreasonable actions/failure to pay claimant. We have a WIA federal complaint, scheduled for hearing on Tuesday.

Misclassification & Independent Contractors Issues: We sent out a misclassification investigator to the Sheffield Wind project and to a Jay Peak project, based upon complaints from the unions. At first assessment, it does not appear that there is misclassification, but we are still cross-referencing the info with our databases. We will be looking closely at Comcast in upcoming weeks. We have a meeting with the unions on June 7th here at VDOL on Misclassification. Regarding Sheffield Wind Project, the Ironworkers allege they were low bidders on the project, but kept out because they are union labor.

Legislative: VDOL legislative projects this summer include:

H.202: Workforce displacement/training issues and Workers' Comp medical costs integration

H.153: Human Trafficking: VDOL is responsible for the education and outreach on this topic.

H.287: VDOL, Tax and Veterans Affairs worked on the Veterans Tax Credit Form this week, and are meeting to discuss implementation. Help Commerce develop benchmarks and performance measures on the VTP money. There may be an issue with \$1,000 Wage Earning/UI Experience Rating, and VDOL is awaiting USDOL Boston review. VDOL will administer the Long-Term Unemployed hiring bonus, and monitoring its impact, if any, on the Trust Fund.

VDOL leads effort (w/Commerce, DOE, AHS and WDC) to determine how \$4.7M might be appropriated for Next Gen monies in subsequent years;

S.96: WC & UI: VDOL responsible for medical records privacy issues; conducting study of UI benefits between terms for non-instructional employees, as well as wage payment over 12 months; study UI issue for home care for elderly Vermonters; study issue of employers requiring wearing of their apparel.

In addition, we have been formally asked by Sen. Illuzzi and Rep. Botzow to review the issue and impact of Discontinuance of WC Benefits.

We have informal work requests in the following: VY dislocated workers; domestic violence UI statutory review; negative balance employers; making seasonal employees look for work; impact of long-term. We are meeting again with Vermont employers, unions and legislators on the issue of Independent Contractors. We have also been asked to keep a more accurate "count" of complaints received by VDOL relating to employees being called in to work and then sent home and employees being refused break times.

Worker Comp Division:

NCCI failed to advise insurance companies of the WC premium assessment change (to 1.75%), and VDOL staff had to chase this down all week. WC staff had a booth at Vermont Business and Industry Expo. We are nearly finished the hiring process for the 4th Misclassification Investigator.

Project WorkSAFE Program Activities

VDOL participated with USDOL Region 1 OSHA with the filming on the proposed silica standard, which involved granite workers in Barre and will be shown to Congress as part of the testimony.

Workforce Development and Training

I will be working with Chip Evans to review and revise his job duties.

WD Division Director Beth Kuhn and I met today and agreed to allow \$50,000 in WIA participant money to be released for new plans. This should not impact our fiscal planning around the federal cuts.

We would like the Governor to preside over 3 summer youth grant awards, with a photo op/press release, if possible. We are suggesting the ones in Barre, Bellows Falls and Manchester Vermont. Can I request that someone contact me to arrange this?

WD Division is looking at 3 new grant opportunities: ETA grants up to \$1M; SBA grants up to \$150,000; and Econ Dev up to \$250,000.

UI Division is waiting to hear on our REA grant application - any day now - and may give us funding for 6 UI-funded staff.

Employer Information by Region:

Middlebury: VDOL conducted a small job fair on Monday. Seven employer and 40 participants.
Stowe: Stowe Family Dentistry closing.

WET Fund activities

I have been pushing back on WETF grant applications that appear to be primarily focused on "leadership" or "professional development" trainings. There are more than 20,000 unemployed Vermonters, and many regions of the State have higher-than-state-average unemployment numbers. As such, I believe that our WETF money has to be more focused on employers seeking to expand and hire new workers and/or train workers to become and stay competitive in the market. I have seen too many WETF grants approved for what appear to be very "soft skills" trainings - which may have been appropriate in good fiscal times, but when money is limited, the economy sluggish and unemployment continuing, I would rather see the money focused on job development and competitive advancement. As such, we may be in the position of receiving push-back from some of the applicants, including those who have gotten these 'soft' applications approved in the past. Before John O'Kane left his WDC Chairman post, he and I spoke about this matter, and he was in agreement with my assessment. I think the WDC will get on board with this proposed change. In this vein, VDOL approved only a portion of a grant from RSG this week (\$8,400 out of \$60,000 requested. You may hear from the company as they were not pleased.

Privileged and Confidential
Memorandum

To: Peter E. Shumlin, Governor
From: Douglas A. Racine, Secretary of Human Services
Re: AHS Weekly Report
Date: May 26, 2011

Vermont Department of Health (VDH)

Status of Governor's Priorities

Public Health Lab Datamaster. Defense counsel is deposing public health lab staff this week relating to the Datamaster breath alcohol testing program in conjunction with consolidated DUI cases in Washington County. Defense motions relating to breath alcohol evidence in the cases are due to be filed with the court by June 1st.

Press Issues/Releases/Contacts

Health Department Lab. Thatcher Moats, Barre-Times Argus, asked how the new Health Department laboratory (co-located facility with UVM lab in Colchester) will benefit the state. Lab Director Stella Celotti answered three questions – What is the benefit of co-locating? Opportunity for student internships, provide specialized training for medical students; work with cancer facility on typing agents such as norovirus, shared specialized lab space. Who owns the land the current lab is on? The State, through BGS. What's wrong with the existing lab? It's 59 years old and needs upgraded heating, cooling, venting systems and more space.

Health Reform. Commissioner Harry Chen spoke with Gareth Henderson, Rutland Business Journal, about the impact of recent health reform on businesses in the area. Dr. Chen discussed some of the concerns expressed by the business community in a forum this week, emphasizing there is still much work to do, and many opportunities for the Legislature to weigh in before a single-payer system is implemented. According to the Hsiao Report, businesses would benefit because they would not be paying most of the bill for healthcare as they are currently. In a reformed system, health insurance would no longer be tied to employment, but to residency in Vermont. The major challenge for the Board is to control costs.

Flooding and Health Hazards. WCAX requested an interview with Commissioner Chen about flooding health hazards, particularly for people who will open camps along Lake Champlain over the Memorial Day holiday. The Health Department issued a press release about how to prevent illness and injury related to the flooding and high water.

Eli Sherman, vermontdigger.org, is working on a story about flooding along Lake Champlain and asked about the level of public concern with hazards such as mold and contaminated well

water. He also wanted an update on the overall property damage caused by flooding. He was referred to Vermont Emergency Management and to two press releases by the Health Department about precautions to avoid health hazards before and after a flood.

We have extensive information on our website – see the link on the home page “Before and After a Flood” at www.healthvermont.gov

Physician House Calls. Lauren Ober, Seven Days, asked if the Health Department keeps track of the number of doctors who still do “house calls.” We do not track that information.

Bath Salts Drug Abuse. Fox 44 asked if bath salts are a drug abuse problem in Vermont, as seen in New York. According to our Alcohol & Drug Abuse Program staff, drug abuse treatment providers in our state have not seen bath salts as a treatment issue yet. The Health Dept. has recommended to the Board of Health that bath salts be added as a regulated substance.

School Wellness Awards. Suzanne Kelley, physical activity coordinator, spoke with Charlotte Albright, Vermont Public Radio, about Lyndon Educational Alternative Resources Network, Inc. in Lyndonville winning a school wellness award. Albright said the school in Lyndonville is a “pretty remarkable school”- an alternative school that reaches some very high risk kids who were “thrilled” they received an award. They are holding a special dinner to celebrate their Wellness Award, and the reporter plans to attend the event. She asked for background about the awards - why the Health Department started doing the awards, and what barriers schools may face when trying to implement policies.

Japan Nuclear Event Update. Weekly samples tested at the Health Department Laboratory continue to be less than the detection limit for iodine-131 and other human-made radionuclides. In June, the Health Department will return to routine environmental testing frequencies. The air sampling site in Burlington, added to environmental monitoring program because of the events in Japan, will continue to be sampled.

As part of its routine testing practice, a collection of air filters collected between March 24th and April 15th was analyzed by the Health Department. This test combined the individual air filters collected during this time. The grouping of the filters together lets the laboratory detect trace amounts of radionuclides that cannot be detected in individual samples. Trace amounts of cesium 134, cesium-137, as well as iodine-131 and natural radionuclides were detected. The results were expected and are consistent with the events in Japan.

Department of Mental Health (DMH)

Evolving Issues

Vermont State Hospital – Leadership. DMH’s Deputy Commissioner Rebecca Heintz will become the Acting Executive Director of VSH upon Terry Rowe’s departure at the end of the week. In addition, Commissioner Oliver is considering contracting with Dartmouth’s Psychiatric Research Center to bring in consultative services from Paul Gorman. Paul is the former

Commissioner of Mental Health in New Hampshire and the former Executive Director of the New Hampshire State Hospital. He has the expertise to help Rebecca improve issues within the hospital in the short-term and assist with recruitment of a permanent executive director.

Vermont State Hospital – Canteen. Commissioner Oliver met with DAIL staff about the time frame for re-opening the Canteen. Although the Canteen is seen as a VSH operation, it will actually be operated by the DAIL Division for the Blind and Visually Impaired. Their plan is to follow the business model of the Overlook Café at the Department of Health. Once that plan is implemented successfully, it will be replicated at the Canteen. Therefore, it is anticipated that the new Canteen will open in September. While the Legislature was expecting an earlier opening date, it is necessary for DAIL to have sufficient time to put a successful business model in place. Also, it is important to note that although VSH patients and staff will frequent the Canteen, most of the business will come from other state employees on the Waterbury campus.

Department of Disabilities, Aging and Independent Living (DAIL)

Status of Governor's Priorities

Jobs. The *Think College* initiative is an exciting partnership between the University of Vermont, Johnson State College, and DAIL to implement a 2-year certification curriculum for Vermont youth with Intellectual Disabilities, which will begin August 2011. Students will exit with a degree of *Professional Studies* and enhanced employment skills in a topical area of their choice, designed with and approved by college professors. The opportunity is unique, owing to the level at which the colleges embrace the notion of offering students with intellectual disabilities the opportunity for inclusive, post secondary education. The Dean, the Education Department Head, the Coordinator of Student Services, and several other key college staff are all advancing this Johnson State program.

Press Issues

Commissioner Wehry was interviewed by Chris Roy of the Newport Daily Express concerning the Safe Choices program in connection with a protest led by the mother of a man in Act 248 custody (see below). Local coverage in the papers of the protest has been fairly muted.

<http://newportvermontdailyexpress.com/content/protestors-safe-choices-isnt-safe>

Evolving issues

Susan Bartlett contacted Commissioner Wehry earlier this week concerning the ongoing efforts by Tracy Gilman to discredit the Safe Choices Program at Northeast Kingdom Mental Health. The Safe Choices Program is a treatment program designed for person with developmental disabilities who have engaged in problematic sexual behaviors in the community. It is a

voluntary program unless the participant is under Act 248. Persons under Act 248 custody are those individuals with mental retardation who have been charged with one of three categories of sexual offense, but who by virtue of their mental retardation are deemed unable to stand trial. Ms. Gilman's son, William Bennett is in the Commissioner's custody under Act 248. The need to continue that status is reviewed annually. Ms. Gilman has been in court on multiple occasions trying to have her son removed from Act 248 custody and has not prevailed in over 5 years. Thus, she seems to be re-directing her efforts to disrupt his treatment and has been suspended from functioning as an authorized supervisor. On Wednesday she staged a peaceful protest which appeared to attract perhaps ten supporters. The press coverage is above.

Department of Corrections (DOC)

Status of Governor's Priorities

The DOC is moving forward with a plan to create a jobs program through the Vermont Works for Women program. The DOC has agreed to enter into contract negotiations with Tiffany Bluemele (Director of VWW) regarding a transitional jobs program for up to 40 females.

Separately, the DOC is continuing to investigate housing opportunities for females in the south eastern part of Vermont, to be used as a reentry unit. The DOC is currently evaluating a new facility in Cheshire County, NH. This is a brand new facility and claims to be able to house as many as 40 females.

Finally, Commissioner Pallito met this week with the US Marshal, District of Vermont, regarding their interest in more beds in Vermont. They have agreed to move forward with using up to 80 beds in Vermont, to be ramped up over time. The DOC is currently working on an agreement with the USMS to allow this to happen. This will be in the form of a contract, which will be reviewed by both the Secretary of AHS and Secretary of Administration.

Legislative Issues/Contacts

The Corrections Oversight Committee is scheduled for its first meeting on June 13th. An agenda has not yet been established. There will be five new members on this committee.

Significant Events/Meetings

Commissioner Pallito and Deputy Commissioner Menard met with Dr. Tom Simpatico of UVM/FAHC this week regarding veterans in DOC custody. Also in the meeting, via conference call, were representatives of the US Department of Veterans Affairs. They would like to use Vermont as a test site for sharing information with the DOC that would assist us in the reentry of veterans from incarceration.

Other

Newly Created Position filled. Heather Allin has accepted the newly created position of Sexual Offender Supervision and Re-Entry Services Coordinator at the Vermont Center for Prevention

& Treatment of Sexual Abuse. She will be working closely with Community Justice Centers in developing Circles of Support and Accountability groups to work with sex offenders transitioning back to the community. This position will enhance our efforts in continuing to address the areas of concern in the previous audit.

Furloughee Tatro, Michael. On May 24th Community Correctional Officers (CCO's) Pelkey and Lester from the St. Albans office received information that Offender Michael Tatro (DOB: 5/18/1983) had committed suicide. According to the officers, Michael Tatro was found hanging by a cable in the shed next to his residence at 2123 hours by his girlfriend, Sarah Murray.

Michael Tatro had been on Conditional Reentry status since 6/30/10. He had convictions of Lewd and Lascivious Conduct, Burglary and possession of stolen property. His underlying sentence was 1 -8 years with a maximum release date of 8/29/12. Information received indicates that Mr. Tatro had lost his father and just recently paid off his headstone, had his son taken into DCF custody and recently learned that he would be going on the internet sex offender registry. Due to the nature of the death a full review of the case will be done.

Population. The department's incarcerated population has maintained in the low 2100's with the female population staying in the 160's. The department has 10 offenders being supervised on Home Confinement and no inmates being supervised on Home Detention. The incarcerated detention population is maintaining in the low to middle 300's.

Department for Children and Families (DCF)

Repurposing Success By Six. During its' hey day in the 1990's under Governor Dean, Success by Six was a \$1.7 million initiative. During the downsizing of 2009 the program was reduced to \$869,000. The downsizing resulted in the elimination of regional coordinators who led community based efforts to improve the well-being of children. Much of Success By Six funding (the remaining \$869,000) has been granted to Parent Child Centers and has become, for all practical purposes, part of their core budget, underwriting their operations.

We are about to send a very clear message to our Parent Child Centers that we want to repurpose these dollars and, in doing so focus on results and strategies that will make sure all children enter school ready to learn. Over the years these dollars have lost their luster and we want to make sure we are getting results. Additionally we want to redistribute the allocation of the \$869,000 in a much more equitable fashion. While we realize this will cause agitation among those who have their grants reduced, the inequities that have developed in the allocation of funds in previous years are not justifiable. Orange, Washington, Windsor Counties for example receive nearly twice the funding of Chittenden County.

We intend to engage the Building Bright Futures Council as we conduct a makeover of these dollars to seek their advice on how best to make a difference for our youngest children. We will inform the current grantees that their existing funding allocation will continue for the first quarter of FY 2012 while we conduct a robust retooling of this program, and seek their input on how best to achieve our goals.

Economic Services Eligibility Process Update: The DCF Economic Services Division has made great progress addressing the eligibility challenges that resulted from efforts to modernize the application process for health care, 3SquaresVt and Reach-Up. In December only 65% of all applications were being processed within 30 days. A court order, established years ago, requires 97% of applications to be processed within 30 days. Today 85% of applications are processed within the 30 day time limit and, when the number is adjusted to allow for applicant error, the completion rate is around 90%. While this represents significant improvement much more needs to be done. DCF plans to contract with the Change and Innovation Agency (CIA) to help re-engineer the processing of applications at the local level to help us further expedite completion of the work. CIA has a proven, national track record of success in this arena.

The plan is to bring the CIA in to work in the Burlington, Middlebury and Rutland Districts for a full week, teaching staff time saving techniques specific to process management that are intended to help staff make “same-day” eligibility determinations when possible. Our management staff will accompany the contractor to the districts and learn the efficiency techniques and then take those ideas to our other districts for implementation and training. Vermont Legal Aid has met with us monthly to monitor our progress and, while they want to see the 97% compliance rate achieved, they are appreciative of the aggressive efforts we have made to comply with the approval standards. Our research shows that our current approval rates are better than they were dating back to 2004, well before the modernization effort was started. Our expectation is that by September we should be much closer to the 97% rate.

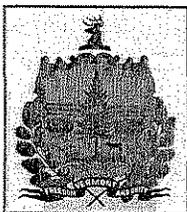
Department of Vermont Health Access (DVHA)

Press Contacts

Nancy Remsen from the Burlington Free Press wrote an article about Susan Besio’s departure from State Government in Tuesday’s paper.

Other

Implementation of Payment Reform Pilot Sites. Richard Slusky and Craig Jones, MD, met with FAHC and Vermont Managed Care on Wednesday evening to discuss their participation as the first payment reform pilot site, beginning January 1, 2012.



State of Vermont...

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

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

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

www.bishca.state.vt.us

Memo from Commissioner Steve Kimbell

CONFIDENTIAL AND PRIVILEGED – NO SHARING Report to the Governor for Week Ending May 27, 2011

Governor's Priorities

BISHCA's health care reform implementation tasks (including reports required by the new law) are being assigned to staff and regular meetings devoted to executing those tasks have begun. Team leaders Kimbell and Peterson are actively involved with other team leaders on the implementation program.

Evolving Issues

Outreach

In response to a follow-up inquiry about our recent press release on MVP rates, we have scheduled an in-person meeting for the reporter with the General Counsel and rate-setting staff.

Legislative

BISHCA staff who contributed to the preparation and passage of H. 202 attended the Governor's bill-signing.

General Information

The Securities Division continues its inquiries into questionable activities by a number of financial advisors and brokers, with special attention to possible improper losses suffered by Vermont residents.

The Banking Division is undergoing a five-year reaccreditation review by the National Association of State Credit Union Supervisors. Our oversight of credit unions is being scrutinized onsite by a team of regulators; the visit seems to be going well and we hope to learn the results in a few weeks. By chance, this is the third periodic review of the division by various accreditation groups in the last seven months.



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

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

Jeb Spaulding, Secretary

**PRIVILEGED AND CONFIDENTIAL
 MEMORANDUM TO THE GOVERNOR**

TO: Governor Peter Shumlin
FROM: Secretary Jeb Spaulding
DATE: May 27, 2011
SUBJECT: Confidential Report to the Governor

SECRETARY OF ADMINISTRATION NOTES:

We are inclined to offer Richard Boes the position of CIO/DII Commissioner on Tuesday, unless you object.

We are working with the Montpelier Farmers' Market to consider the possibility of hosting them on the State House lawn or other locations, such as behind the Vermont Motor Vehicles building along the river. Please keep in mind there are significant issues that may or may not be able to be worked out regarding use of the State House lawn. No commitments, please?

CONNECT VT

Status of Governor's Priorities:

- S 78 to be signed on Friday.
- www.broadbandvt.org update

Unserved address registered to date	Estimated: 1000
% actually unserved	400
Site visits and % new visitors	1500/62%
Average time spent with site	4 min, 56 seconds; 4.3 pages

The above table will be updated weekly, with first week based on initial responses that are being processed by CAPI at DPS.

CAPI Program/ Consumer Response: We have a progress issue with the consumer response to unserved addresses that we are quickly creating solutions for. The issues are in:

- Consumers not listing name and complete contact (can't respond to this)
- Address check feature on overlay maps needs to be improved
- Need to create delineation on site for truly "unserved" versus "underserved". What is appearing on the site now as populated red balloons in not 100% "unserved". Rather, CAPI is getting the following of the estimated 1000 registrants so far:
 - 20% cellular service complaints
 - 40% speed, reliability, satellite complaints
 - 40% that fall into unserved.
 - We need to accomplish a few tweaks within the week before we launch a PSA push for the site.

E-VT Conference: Vermont Technical Center: conference sponsored by VCRD and Snelling Center, attendees from education, small business, and community sectors. Agenda and workshops were focused on adoption activities, well structured with good content. We launched www.broadbandvt.org as a resource at the meeting.

Press/Media Notes:

- Small note on site stats, favorable mention in Burlington Free Press.
- Article on Sovernet/ outreach to schools, asking for commitments to connect from Community Anchor Institutions (CAI's); this is creating a bit of an uproar. However, it is important that not that designated CAI's need to have both and installation AND service. There is ample time for our education sector to develop better planning around cyber infrastructure, budgeting and how it can improve educational outcomes.
- As a competitive response, VTel put an offer out for \$500K grants, (12) to schools in their service area for an all inclusive 1:1 computing/ connection/ service package for schools.

Significant Events/Meetings:

FCC: Karen Marshall met with Wireless, Wireline chiefs (John Liebovitz and Sharon Gillette), assistant to Chairman (Tom Brown) and Intergovernmental Affairs Chief (Greg Vadas). Discussion focused on anticipated changes in the Federal USF, which will have impacts on rural local exchange carriers in Vermont. The shift is to reorient more than 4.3B that is currently spent in subsidizing operations of carriers. For some Vermont entities, these subsidies may represent as much as 60% of top line revenue. Funding will be reoriented to support the national Broadband Plan, which includes both wireline and wireless (mobile) initiatives. Vermont may lose on the wireline initiative but may have potential for wireless/mobile funding. We demonstrated a level of mobile coverage understanding that other states do not have at the moment. This is based on data from VCGI and the mapping initiative. Any funding changes (tax, assessment on carriers, state USF) within the next year will need to be considered in the larger context of federal USF changes. Karen will work with DPS /Porter/ Miller in this area. Also of great interest was our forward thinking on utilizing Wireless for Smart Grid- a goal expressed in the current National Broadband plan.

NTIA: Karen met with Program Officer (Sandeep Taxali) and Angela Simpson (advisor to deputy secretary) regarding our NTIA funded projects. They discussed changes made through statute that will set the stage for fiber activities, convergence of smart grid and deadlines- which for the NTIA are firm as 3 years from award date. (September 2013)

USDA/RUS: Karen also met with #2 Telecom administrator (David Villano), Molly Lambert (VT/NH), and other staffers. Clearly, with VTEL WOW, Vermont is one of the highest per capita funded projects in the country. There is great interest in the success of the wireless broadband project as a solution for rural states. End date of projects for RUS was discussed, with their bright line being the first drawdown of funding. This would indicate that VTEL may have through May 2014 on their project.

All of the above were sponsored and staffed by Senator Sanders Staffers- David Weinstein and Lauren Tribble. Ted Brady assisted on the FCC meeting. Very productive time, important to establish these channels with federal agencies to the Administration. Marshall came to understand that few, if any, other states are demonstrating this level of engagement from the Administration.

Department of Libraries: Working on creation of WAN (Wide Area Network) for 53 CAI libraries that are in Sovernet project. There is a strong vision forming that libraries should become the "town center" for connectivity- think, the community version of "Starbucks" where connectivity is always offered. Applications might be: job retraining, digital literacy, lifelong education, literacy, access to government services. A WAN will support all of these applications and lower cost of operations for libraries. We are undertaking the "reverse engineering" of how we move from current to this vision.

This Week: Department of Energy/ Smart Grid at VELCO.

DEPARTMENT OF BUILDINGS AND GENERAL RESOURCES

Status of Governor's Priorities:

- Sam Sammis response and news and commentary response appear to be manageable.
- Some waves are beginning to appear on what was a mirror surface of the June 9th due heating district MOU. Major issue is whether Montpelier will pay for capacity beyond its purchased allocation.

Legislative Issues/Contacts:

- Sen. Claire Ayer contacted us regarding Forest, Parks and Recreation Department practice of trading in John Deere tractors for high value and investment of proceeds in new tractors.
- Rep. Donna Sweaney inquired regarding SESCOF potable water project (as did Windsor town manager Steve Cotrell). Questioned project planning contact with town of Windsor.
- Met Sen. Mark McDonald and Rep. Joe Acinapura at Vermont Veterans Memorial Cemetery Advisory Board meeting in Randolph. The board is committed to funding a master plan effort and thinks cemetery signing on the Interstate is adequate.
- Shared some strategic planning thoughts with Sen. Hartwell.

Press/Media Notes:

- Thatcher Moats (VPB) story on the Health Lab is manageable.

Significant Events/Meetings:

The Governor and your capital bill signing visit to BGS was very much appreciated. FYI The pen used by the Governor to sign H.446 into law and presented to the Commissioner was presented by the Commissioner to a more worthy recipient, Wanda Minoli.

Evolving Issues:

- The use of the State House lawn or other state owned property for weekly Farmers markets.
- The Rutland garage night lock up will start 6/6/2011. Mayor Louras is supportive.
- Considering recommending that the arts in state buildings selected projects be as follows: FY11 Waterbury complex; FY12 new health lab; and FY13 Waterbury complex. Better idea?

DEPARTMENT OF FINANCE AND MANAGEMENT

Issues Update:

The budget system replacement project is now underway. Coeur Business Group, Inc. is the consultant hired to help us select a budget development system that most closely meets our needs, and will replace the current BDS legacy system. Coeur began the project with a series of interviews with the core management groups – Budget & Management, Financial Operations, . Commissioner Reardon, Deputy Zeller and Budget Director Matt Riven were interviewed on Tuesday. On Thursday, Coeur will meet with Financial Operations Director Brad Ferland and Customer Service Director Tori Pesek. Coeur is already scheduled to meet with key managers and staff from DHR, DII, JFO and others on their expectations, and what success looks like in a new budget development system.

Today, Commissioner Reardon is participating in several interviews to replace the State's Bond Counsel; the current counsel is retiring.

Legislative Contacts:

The bill review process continued and at an accelerated pace this week, as more bills are presented to the Governor's Office. Bill reviews for bills with "major financial impact" to date: H.436 - Misc. Tax Bill; H.446 - Capital Bill; H.202 - Health Care Reform and H.287 - Jobs Bill. Major fiscal impact bills yet to be reviewed include H.441- FY12 Big Bill and H.443 - Transportation Bill; we expect to receive the Big Bill (H.441) for review on Friday 5/27/11.

DEPARTMENT OF HUMAN RESOURCES

Status of Governor's Priorities:

Agreement with VSEA on Voluntary Reduced Work Schedules: In an effort to achieve labor savings for FY12, Commissioner Duffy negotiated with the VSEA's Non-Management Bargaining Unit to reach an agreement that will permit employees in that unit and exempt employees to voluntarily agree to reduce their work schedules. The agreement is drafted to give employees as many options as possible on how to structure a reduction in time. It also protects employees' rights to benefits, particularly medical benefits, in an effort to attract as many employees to the program as possible. The agreement also retains flexibility for management and allows an appointing authority to decline an offer to reduce hours, if it would interfere with the provision of essential services.

Re-design of State Employee Health Care Plan: Commissioner Duffy and other DHR staff members worked with the VSEA and the VTA to find labor savings by re-designing the state health care plan. At the end of the discussions, the parties were unable to reach agreement. Several days later, after Jes Kraus met with the Governor, Mr. Kraus contacted Commissioner Duffy and advised her that he would attempt to get his members to reconsider some of the proposals. Mr. Kraus has advised Commissioner Duffy that he may be making progress and has asked for additional information and the consideration of additional design changes. DHR will continue its efforts to reach agreement, but if no agreement is reached, will seek concessions in the next bargaining session, scheduled to begin late this summer. In any event, DHR will implement one change that does not require the VSEA's agreement.

Legislative Issues/Contacts:

Conversations with Representative Ancel: Representative Ancel has contacted Commissioner Duffy several times to address her concerns regarding the health plan options for retirees. Representative Ancel dislikes that she was forced to become a Total Choice member once she became a retiree and is not permitted to participate in Select Care. Commissioner Duffy advised Representative Ancel that ongoing labor management discussions could result in a change on this issue, but that it was possible no agreement would be reached. Commissioner Duffy explained the role of the VSEA in negotiating the health plan, and Representative Ancel stated that she would reach out to Jes Kraus to address her concerns with him as well.

Press/Media Notes:

Voluntary Reduced Work Schedule Program: Commissioner Duffy spoke with Terri Hallenbeck from the *Burlington Free Press* and Neal Goswami at the *Bennington Banner* about the agreement reached with the VSEA to permit some state employees to voluntarily reduce their work schedules. The press coverage to date appears favorable. Commissioner Duffy is also scheduled to discuss the program with Chris Garafolo from the *Brattleboro Reformer*.

Significant Events/Meetings:

Green Mountain Care Nominating Board: Commissioner Duffy met with Liz Bankowski to discuss the work required of the Green Mountain Care Nominating Board and the tight deadlines that must be met. In light of the October 1st deadline to have Green Mountain Care Board members in place, it was agreed that an initial meeting of the Nominating Board must occur during the week of June 6th. Once the appointees to the Nominating Board are identified, Commissioner Duffy will schedule this meeting. Prior to that meeting DHR will prepare a job description, advertising strategy and application form that can be reviewed and approved by the Nominating Board at the initial meeting.

Training on ADA: Commissioner Duffy and other members of DHR attended a conference put on by the Vermont Center for Independent Living on the Americans with Disabilities Act. Representatives from the U.S. Attorneys' Office, the Attorney General's Office and the Human Rights Commission appeared and addressed their roles in enforcing the ADA and ensuring compliance with new regulations under the Act.

DEPARTMENT OF INFORMATION AND INNOVATION

Status of Governor's Priorities

Security: Portable Computing Device Policy has been sent to Mike Clasen for signature.

- Met with HR on Friday to go over details of Employee Security Awareness Training program. Letter to be drafted for IT managers outlining details of program.
- Security Director is working with EPMO on security Assessment framework. Multi-agency meeting set for June 8 to discuss types of computer security risk and vision.

Data Center: The assessment and the roadmap for enhancements at the primary data center site within National Life building are complete. From this work we will be developing an implementation plan over the next several years to augment capacity in cooling/power and footprint. This is critical work that needs to align with iTOP and movement of infrastructure to the primary site. We will be engaging Efficiency Vermont for power savings and possibly funding to help with our green initiative. In addition to the primary site, we will be investigating disaster recovery options with third party vendors to strengthen our data center position without having to spend extravagant amounts of money retro fitting our current secondary sites that are well below data center standards set by the industry.

Private Cloud (Infrastructure/Virtualization: The Virtualization Center of Excellence (VCOE) engagement with VMware is moving along quickly. DII is finalizing the new Infrastructure design with VMware architects and have also started to power up several core storage components. This of course needs to align with the data center roadmap currently being established. As part of the operational readiness portions of the engagement DII has drafted a service catalog, service performance specs and VCOE requirements for system dependency mapping among other things. As DII starts to collect data from the numerous capacity planning work going on they are adjusting their service offerings to accommodate the majority of the systems that will be migrated and/or virtualized.

Issues Updates:

- Changes to the Public Information Requests Reporting System required by new statute will be discussed at a meeting on May 26th.
- The Lottery continues to have problems with their old unsupported site. VIC is doing what they can to help keep the old site going while putting their new site on high priority for development.
- The Vermont Comprehensive Energy Plan Web site design is in process and they hope to have an initial site online in a matter of days.
- The Cyber Foundations Fall 2011 National Competition--being offered in collaboration with the Center for Internet Security's Cyber Security Workforce Development division and the U.S. Cyber Challenge--is now open for pre-registration, and DII is requesting assistance from the MS-ISAC Principal Members in making sure the students in your state are aware of the contest and have the chance to participate. For more details about the fall competition, and to view the list of winning students and schools from the spring contest, visit us online at <http://workforce.cisecurity.org/index>
- The Enterprise Architecture Group has moved into their confined space at National Life and will be spreading out as AOT begins to move to another location.

Agency/Department Requests:

- The State Police are ready to begin migration into the ECMS. They are anxious to make the move now because of a recent interruption in service caused by the failure of outmoded infrastructure.

- DII Received a request from Steve Sharp and the State Enterprise GIS Consortium to assist with drafting the secure data exchange requirements and specifications portion of the MOU for the Geospatial Data Exchange Protocol.

Ideas: Developing ideas for a yearlong security awareness program that will launch in October, which is Cyber Security Awareness Month. DII would like this program to have the support of the Governor and be advocated by the Commissioners of all agencies.

DEPARTMENT OF LIBRARIES

Significant Events/Meetings:

Vermont Library Association Conference at St. Michael's College): Marty Reid attended the annual conference and participated on a panel presentation: *21st Century Public Libraries*. Other DOL presenters: Amy Howlett, SE Regional Library Consultant: "Rapid [Book] Reviews"

Evolving Issues:

E-Vermont Community Broadband Project: Marty Reid continues to deliver new computers and related equipment to public libraries that are part of the e-Vermont Community Broadband Project. This week she delivered 3 desktop computers, one laptop, a wireless printer, and barcodes and barcode scanners to the Varnum Library in Cambridge. Varnum Library is beginning the process to automate their library. Approximately 30% of our public libraries are still using a card catalog and our department is working with libraries across the state to encourage and support library automation.

DOL will cease catalog card production for local libraries at the end of June. This is a milestone in their department – and one that is long overdue. They will continue to send out electronic catalog records to libraries that participate in their cataloging program.

DEPARTMENT OF TAXES

Status of Governor's Priorities:

Misc Tax: The Department has tasked out all of its duties under the bill. The Current Use provision continues to garner the most attention.

Current Use: The Commissioner participated in several discussions regarding the two-year “parking provision.” The Dept.’s legal counsel has determined that the immediate effective date language must be read in conjunction with the mandate to the Tax Dept. to develop a tracking system for wastewater permits. This leads to the conclusion that the legislation is prospective, that is, the two years only starts to run upon the effective date, and is dependent upon the department developing an enforcement mechanism. This conclusion is confirmed by the tapes of the conference committee – there are several statements both by the drafter and legislators indicating intent that the land use change tax would not be imposed immediately.

Moreover, the Commissioner has spoken with Sen. Westman, the proponent of the provision, and his position is that legislators anticipated that there would be two years for both the legislature and participants in the program to sort out the ramifications of the measure. He has no expectation that the LUCT would be enforced pursuant to this provision prior to the legislation receiving further review, and he specifically mentioned that it had not yet been considered by the full Senate Natural Resources Committee (where presumably the Current Use bill passed by the House will land – Sen. Westman did not think the provision was incompatible with the bill).

The conference committee tapes and the conversation with Sen. Westman also suggests that the intent was to time the trigger to when a property obtained all of its municipal permits AND its state wastewater permits, even though the measure was drafted as an either/or. Sen. Westman apparently envisioned that local listers would track municipal permits on land change forms, and then the state would track when properties so targeted received their state permits to meet the trigger. Sen. Westman agreed that the measure was not intended for example to apply where properties had simply been subdivided for family members, or when bathroom facilities were installed in barns. The Commissioner conveyed that the Dept. would be cataloging the various scenarios and concerns off session, and would be working with the Legislature when it revisited the issue.

The Commissioner also conferred with Steve Jeffries of VLCT, as well as Tom Vickery, a lister active in the Vermont Association of Listers and Assessors. Both stated that they caught wind of this measure very late, and were of a mind that there were problems that would be considered next session prior to

enforcement against any landowners. Steve stated that VLCT supported the House bill, and had no position on this provision.

Flood/Abatement Issue: The Commissioner spoke with Steve Jeffries who stated that this issue is fairly quiet at the moment, and VLCT still had not decided whether it would hold a workshop for listers on abatement issues relating to flooding. Steve stated that although towns act somewhat inconsistently on abatement requests, in general they tend to be very conservative, and he had not yet seen that the flooding would cause a different trend.

Recovering Tax Liabilities from Payments to Medicaid Providers: The Compliance Division conducted a multistate list serve request to determine practices in other states, finding that apparently only one state currently is offsetting liabilities from Medicaid payments. It appears that the hurdles are mainly technical however, and may not reflect on the advisability of such offsets. The Division believes that it could design a feasible program here, although it would be our first match outside the VISION system. Since the Attorney General previously opined that we could match payments to foster care providers, the Division believes we have the statutory authority to perform such offsets. The Commissioner is conducting further outreach, including to DVHA, to test reaction to any proposal to implement such a program.

RAS Reports: Susan Mesner is working with Commissioner Reardon and staff to limit the distribution of this detailed report in-house and to JFO prior to the public release of the monthly revenue figures.

Operations: The Commissioner had favorable conversations with Deputy Secretary Clasen, the Secretary of State and the Secretary Miller regarding the one stop business registration portal. The data warehouse project is underway, with the vendor conducting various "current state" exercises to provide the foundation for both the benefits computation and the design of the system. DII has largely completed its initial task of providing a temporary environment for the platform. The Commissioner has discussed with the vendor proactive measures to keep key stakeholders, including legislators, abreast of the broad activities related to the project.

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

CONFIDENTIAL AND PRIVILEGED: NO SHARING
MEMORANDUM

To: Governor Peter Shumlin
Cc: State Board of Education
From: Armando Vilaseca, Commissioner
Re: Commissioner's Weekly Report
Date: May 27, 2011

Race to the Top – Early Learning Challenge: U.S. Secretary of Education Arne Duncan and U.S. Health and Human Services Secretary Kathleen Sebelius today announced last week a new \$500 million state-level grant competition, the Race to the Top-Early Learning Challenge. The Race to the Top-Early Learning Challenge will reward states that create comprehensive plans to transform early learning systems with better coordination, clearer learning standards, and meaningful workforce development. States applying for challenge grants will be encouraged to increase access to quality early learning programs for low income and disadvantaged children, design integrated and transparent systems that align early care and education programs, bolster training and support for the early learning workforce, create robust evaluation systems to document and share effective practices and successful programs, and help parents make informed decisions about care for their children. Guidance, eligibility, range of awards and number of grants will be announced in the coming weeks. The application will be released later this summer with grants awarded to states no later than December 31, 2011. I feel that we are well poised to take on this work.

Act 153: As you may already know, the unified union school district reconsideration vote in Addison NWSU failed to uphold the community vote on Town Meeting Day. This is unfortunate since in two consecutive years, all of the communities in this SU voted to form a single unified school district and two years in a row one of the communities opted for a reconsideration vote which overturned the original vote. I am very disappointed with this situation since I sincerely believe it was a way to save programs in the smaller schools and to find economic and educational efficiencies for the communities. I am very concerned that with the upcoming \$23 million in expected FY 13 reductions in education spending and reduced federal aid to schools, some of these smaller schools will be forced to continue to cut opportunities for children. For example, in this particular case, the Addison Central School would have been able to increase its art and PE offerings in the school where as a result of this vote they may actually have to

cut back these two areas. Act 153 is not about closing schools but rather about increasing student opportunities and finding administrative and governance efficiencies in our current model. It still ensures local control but expands the definition of local to address contemporary realities. It is an evolution of a system that has been in place for over 100 years and is reflective of a much more mobile society. In light of the facts that we have a statewide funding system, that our student enrollment has been dropping (over 15% in the past decade) and that our fixed costs continue to rise, Act 153 provides a vehicle to address all of these issues. Communities may choose to close some schools throughout the state but that is not the goal of Act 153. I do believe some of our very small high schools need to merge with others because they are not able to provide anywhere near the opportunities for students that most of our high schools offer. We need to engage in conversations that are about what is best for our students and the future of Vermont and not what may be in the interest of adults.

Derby Elementary School: On Wednesday I traveled up to Derby Elementary School to visit the principal and participate in a staff meeting in an effort to reinforce the message of stability to staff members who are laboring under the state labeling system. The visit was very productive. The school is making excellent progress building assessment systems, having weekly team data discussions, unified conversations with para educators, parent reporting and more. The reauthorization of NCLB is paramount in order for us to stop labeling schools and incorporate a growth model in our accountability system.

KoSA Music: Thank you for forwarding me the email from Aldo Mazza with information on the KoSA Festival as well and the KoSA Cuba school band trips. At this point, I'm not sure if I will be able to attend, but it was most interesting to hear about this program.

Governor's Summit: Thank you also for the invitation to the Governor's Summit scheduled for June 28 and 29. Unfortunately, I will not be able to attend as the State Board of Education has scheduled its annual retreat for these same two days. If appropriate, I would like to send a representative from the department. Please let me know if this would be appropriate.

Weekly Field Memo: In case you did not see it, here is the link and list of subjects covered in this week's Weekly Field Memo.
http://education.vermont.gov/new/html/dept/field_memo.html#first

To: Governor Peter Shumlin
From: Lawrence Miller, Secretary, Agency of Commerce and Community Development
Date: May 27, 2011
Re: ACCD Weekly Report

Status of Governor's Priorities:

Export - Lawrence is planning a trip to Shanghai in late June with Torti and Jim Cross from Champlain College to plan a trade mission from there to here next summer. Multiple Chinese CEO's who have a major purchasing mission. Trip will include EB-5 contacts, probably add some other purposes.

Energy - Sandia Smart Grid conference went well. Could be a nice part of the energy economic cluster. Working with Liz Miller and Chuck to build out a proposal.

Health - With Robin presented health reform business decision timelines to VT Chamber board. The deck effectively demonstrated that the Federal changes are much more immediately significant for businesses, there might be a case that our reform will make it easier for business to manage in the face of the federal reforms. Still working on this idea.

Department of Economic, Housing and Community Development
Commissioner MacKay and Deputy Commissioner Hollar

- Additional progress was made this week on the **process for designating growth centers** through a roundtable discussion led by Noelle and staff. This meeting was followed by the monthly gathering of the **Downtown Board**, which Noelle chairs. The Board tabled a request for redesignation from Bellows Falls and considered changes to the Downtown Transportation Fund.
- The board of the Vermont Housing Finance Agency, including Jen, approved loans and housing tax credits to Graystone Village, a Housing Vermont and Twin Pines Housing Trust preservation project in Hartford. It also discussed creating **performance measures for the state's affordable housing programs**.
- On a **two-day tour through Bennington County**, Noelle visited affordable housing projects with the Regional Affordable Housing Corporation, spoke at the annual meeting of the Bennington County Regional Commission, and met with local development officials.
- Thank you for coming to the **HUD Doorknocker awards to ACCD/VHCB and the City of Burlington/Champlain Housing Trust**.
- Jen and Ann Kroll traveled to Barre to attend an **open house on Laurel Street**. A formerly derelict building has been transformed by the Central Vermont Community Land Trust with ACCD's Neighborhood Stabilization Program and other funds into three beautiful, spacious and highly energy-efficient apartments for low-income households.
- Noelle and Jen joined Ann Kroll and Josh Hanford for lunch with **officials from the Community Planning and Development Department of the HUD Regional Office** in Boston. Topics included fair housing, HUD's new focus on technical assistance, community development as a catalyst for change and the imperative to do more with less. **Robert Shumeyko and Lois Gates came to Vermont to**

Burlington. Ship Sevin LLC is headed by Chip and Kevin Spillane. A lot rent increase notice of \$25 per month was sent to residents of both parks.

Tourism & Marketing Commissioner Smith

- Commissioner Smith attended Pow Wow in San Francisco from Saturday – Wednesday. This is the show for international travel and we attend with Discover New England, all six states and many additional booths from Boston and Maine. We also had Jason and Kyle from Vermont Ski Areas and reps from Stowe, Killington and Jay Peak. Paul was able to book quite a bit of Japanese business right on the spot and we have many strong leads from South America and China. Discover New England handles all of the appointments from
- Megan also met with the National Gay Lesbian Travel Association and with a minimum investment arranged to have representation at this summer's Europride in Rome. Willie Dotco and Erica Housekeeper are producing a general information sheet that will be translated to 4 languages and be in the booth with our promotional materials for the 6 week duration of the show. We will also be sending the video of Governor Shumlin that we produced for the show in New York.
- **Vermont Tourism Agency of Record:** The Vermont Department of Tourism along with agency partners has come to a consensus regarding our full service advertising agency selection. After an extensive evaluation we have decided to transition from our current advertising agency, Spike advertising, and move to HMC2 advertising located in Richmond Vermont. We have been very pleased with Spike Advertising's service to the State of Vermont, however we feel that a transition will offer a fresh perspective on Vermont's advertising efforts.
- **Fuel Prices and flooding news are significant risks to the summer season.** We need some observations that the flooding is localized and while devastating for the affected residents the lake will be a great place to recreate this summer. Gas prices have been moderating but the \$4.00 price point has changed behavior in the past. We reactivate staycation promotions if we need to.

Pat MP attended a critical SEVEDS meeting Thursday with the President of Vital Economy (VE). VE acknowledges the process got off track and has committed to getting through the asset mapping and goal setting phase on their nickel. Fairpoint \$ runs out June 30. Report on that phase due in September. The remaining phases involves getting broader participation and buy in from the region and developing a specific action plan. The \$50K the legislature provided, matched with \$50k from BDCC and \$50K from the Brattleboro RLF will fund that part.

Memo



TO: Governor Peter Shumlin
FROM: Keith W. Flynn, Commissioner
DATE: June 1, 2011
SUBJECT: Governor's Report

Click or Ticket kick off campaign started this week. Spoke about the Governor's Highway Safety program during the event.

At this time it appears our budget will come in on target all divisions will be working to close out their budgets and begin the 2012 budget year.

Contracts continue to be a problem getting approval within a timely manner. A meeting with Secretary Spaulding to discuss this issue will be scheduled soon.

We are continuing to move forward with Strategic Planning process.

I met with staff on moving forward with Data-Master transition.

Building renovations at headquarters' are moving forward with a move in date now set for the end of July.

We have advertised for the Executive Director's position for the Division of Fire Safety; we would like to get this position filled soon.

Division Reports and Updates;

Division of Emergency Management

- Continued coordination of FEMA and local communities as well as AOT, to wrap up PDA for Public Assistance.
- Coordination of FEMA PDA for Individual Assistance program, to begin in reported damage areas around Lake Champlain.
- Coordinating the volunteer clean-up crews from the various non-profit groups.
- Began solid waste disposal discussion for effected communities.
- Requested Vermont National Guard assistance for sand bagging due to high winds in the Islands
- Activated CERT team upon request of Town of Colchester for sand bagging
- Conducted numerous conference calls for, local officials, State partners and non-profit groups to include VOAD, Southern Baptists and Red Cross.
- Received approval from FEMA for requested Grant Adjustment Notice
- Received EMPG guidance from Feds

Governor Jim Douglas

Page 2

Met with FEMA officials to discuss post declaration process and logistics
Provided guidance to Secretary of Administration on Individual Assistance Program

Will be preparing draft letter for Governor requesting Declaration.

Division of State Police

A Troop – Field Force Five burglaries & nine thefts were reported this past week. Six arrests were made, including one for DUI, bringing St. Albans' DUI arrest total for the year to 60. *Investigated a neighbor dispute that resulted in one man running over the other with a motor vehicle; subject lodged on charges of aggravated assault and gross negligent operation.

A Troop – BCI Continued interview with witness of 11 year old hanging confirmed accidental. *Assisted Uniform with Burglary investigation-Suspect interview. *Assault case from E. Montpelier. *Follow-up with neighbor of victim who found suspicious items near woodpile. Located rubber gloves and black Velcro strap used by the perpetrator during the incident.

B Troop – Field Force Investigate the fatal motorcycle crash of Luke Wipple *Arrested Joshua Farnsworth for an Attempted Assault/Robbery at the Derby Mini Mart. * Assault on P.O Taser deployed - Report of a dispute on Main Street in Fairlee. Troopers arrived on scene. Apartment on second floor with a small porch/deck subject went inside and locked the door. Verbal discussion started and the subject ran out of the apartment of the door and attacked one of the Troopers and placed him in a head lock. Physical altercation took place another Trooper arrived and assisted in pulling suspect off. The subject continued behavior at which time Trooper deployed his ECD. The subject was charged with assault on PO, resisting, unlawful mischief, and DC.

B Troop – BCI Attempted Armed Robbery in Derby, VT arrest made subject in jail. *Fraud case where female caregiver stealing money from elderly female. *Interview on Cold case from Hardwick

C Troop – Field Force Troopers seized 25 Marijuana plants that were located near the Vermont / New York State line.

C Troop – BCI Untimely Death – Fair Haven: Untimely death of Rutland County Deputy State's Attorney Peter R. Neary; probable natural death related to cardiac issues

D Troop – Field Force Standard calls for service

TOPS Unit Participated in Safety Day at National Life / AOT in Montpelier. *Personnel did targeted enforcement in Andover/Londonderry area, yielded several violations and Intel that will be shared with NIU. *MV stop for 100mph in 65 on I 91, subject arrested.

Polygraph Unit Standard calls for service

Narcotics Investigation Unit (NIU) Several more controlled buys statewide and additional arrest on three sales of cocaine offenses involving a subject involved in drive by shooting in the Brattleboro area. *Three (3) more fraud charges on female subject from Burlington and South Burlington. Also she stated she would work with NIU and they met on Friday.

ICAC/Lab Meeting with governor's staff and EPU Commander regarding threat assessment results on subject. *Cell phone exam for Vergennes kidnapping/attempted sexual assault case. *Cell phone exam for BPD assault/robbery case.

Arson Unit Residential fire in Wardsboro – 5000 square foot home – it is suspected as being an arson fire – issues with the homeowner at this time, working to meet directly with him on follow up. *Fire investigation in Williamstown – residential fire that was reported to be suspicious. After scene and interviews, likely it was caused by spontaneous combustion during the renovations.

Division of Criminal Justice Services:

- I have spent a consider amount of time over the past 1.5 weeks on contract issues. We have two contracts with the Center for Justice Research and the Spillman maintenance contract that are due July 1st.
- I have prepared an agency MOU and cost estimates for the Pittsford Police Department to join the VIBRS network. They have just gone from a constable police service delivery system to an organized police department.
- Highway Safety involved in signing several grant agreements, attending the kickoff for the Click it or Ticket campaign. I also had a conversation with Phil Weiser last Friday updating him on the highway safety program. I explained to him the re-organization that is planned regarding transfer of GHSP and the creation of the centralized grant management function. He did not have a problem with any of our plans.

Lab Issues:

- The Lab is applying for two federal grants- the Coverdell and the DNA Backlog/offender grant. Eric is having prepared the DNA Backlog grant and will provide any advice or assistance to allow a smooth transition of duties.
- Harry Jeppe was interviewed, offered and accepted the PCU supervisory position. This will result in an opening in the firearms section and we will begin recruitment of that position.
- Eric has requested and received some protocols from accredited laboratories concerning their alcohol programs. He has called the manufacturer of the data-master instrument to receive protocols and procedures from them. We also learned that there is a difference in programs between breath and blood alcohol testing. The blood alcohol testing falls under the lab accreditation program within the division of toxicology and is required to be accredited.
- Meeting was held to discuss the steps going forward for the all felon arraigned database. We have the instrumentation necessary in place and validation is progressing. Software still needs to be written.
- Drug section doing a rush heroin case with around 11 grams of heroin- a big case for Vermont.
- Eric testified for two examiners during the week of May 16th. Lori Webert was out of town and Eric testified concerning chain of custody and while at court testified for Jim Vose concerning some basic information on the report.
- A meeting of management discussed the DUI program. It was decided that a needs assessment be conducted of the DOH program. Paco and Eric will work on a RFP which will include among other items- a request for space needs, resources, people and assistance with protocols to meet accreditation requirements.
- We have been waiting a long time for two contracts- Eric wrote a contract request in March for Applied Biosystems to maintain our Genetic Analyzer and another for Focus Forensics. The Applied Biosystems has just been signed the Focus Forensic contract is

outstanding but the current contract will not expire until the end of June- we still have time.

- Eric and Peg are working with the Attorney General's office concerning a 20 year old homicide case where the convicted individual wants DNA analysis performed on evidence that had not been tested in the past. We have been working with the AG's office to try to understand the requests made by the defense and see what can be done by our lab and what may need to be sent to an external laboratory.
- Working on an officer involved shooting that occurred in Williamstown- four submissions with considerable physical evidence.
- Staff testified in the Kyle Bolaski homicide case.
- Staff testified at the Latonia Congress homicide case in Burlington for the defense.
- A CODIS match was made between a 2008 case (burglary from a camp in Sharon, VT) and an arrestee in Colorado. The case is open and CO is being asked to confirm. A CODIS match to a 05 case (burglary/auto theft case) was confirmed by NV and a match notice sent to the investigator.

Administration and Finance

FY11 Budget Monitoring: Financial meetings have been completed for all Divisions based on actual expenditure data through April 30th. All Divisions look to finish the year within budget. We will meet once again with all Divisions in June to discuss expenditures through May 31. My staff and I will be spending a great deal of our time in the coming weeks on the FY11 Year-end close procedures to ensure a clean accounting close for all appropriations.

- **Centralizing Grant Management Update:** I met briefly with Chris Reinfurt today to discuss how Admin might help support the quick turnaround on development and submission of the Homeland Security Grant Program FY11 application. The guidelines for the grant submission were just released by the Feds (very late due to the problems passing the federal budget) and there is a ridiculously quick turnaround to getting the application submitted...it is due for upload by June 20th. We should be okay...Chris has a pretty well developed schedule to pull the program data together, but we will need to review with you prior to submission, so am hoping to have Deana block out some time in your schedule for you to be briefed and to review so we can submit by the deadline.
- **Contract/Purchasing Issues:** Am working with Mike Bean and Rick Hallenbeck of my staff to redesign our contracting procedures to try and streamline. John Wood chaired a meeting last week with all of the key contract players (within and outside of DPS) to discuss issues and possible solutions to improving this process. I thought the meeting was extremely valuable. Lots more to come on this in the coming months.
- **Grantium:** I received a proposal from Grantium for the electronic grant management system. Tom Davis and I are doing an initial review and the proposal will be discussed in our Information Technology Coordinating Committee meeting next week. I'm hoping to move forward on this project as soon as the resources to support the project are identified.

- **Gabriel Cano/NHTSA:** I had a very nice meeting with Gabriel this afternoon to discuss our plans to move to centralized grant management. Gabriel has offered NHTSA's help and support as we move forward. I do believe it is extremely important to continue to reach out to NHTSA and to keep them in the loop as we develop and hone our new Grant Management Procedures so we can evolve and grow their trust and confidence in us going forward... Gabriel seems to be very supportive of the concepts of what we are trying to do and I would like to continue to nurture the relationship.

Division of Fire Safety

Fire Academy is administrating written tests and performing live burn performances evaluations for students completing the Firefighter I and II programs. Most of these programs started last fall and are just finishing. All the students are from various volunteer fire departments throughout the State.

Vermont Yankee Fire Brigade just completed fire training at the Fire Academy which included live burn operations and other fire related training.

Regional/County Fire Schools are in progress with the Fire Academy providing training to the firefighters.

Fire Prevention/Building Codes

Numerous plumbing, electrical, fire prevention and building code inspections were performed this past week.

We received a lawsuit from an individual claiming that our staff and Department of Public Service staff interfered with his ability to be an electrical utility company. This case has been sent to the AGO; they have agreed to take the case and process.

To better serve the public and enhance the effectiveness of our resources we are reviewing and changing districts of our inspectors within there station.

A large project came in for plans review from the community of St. Johnsbury.

Hazardous Materials Response Team assisted the local fire department in Essex on a gas leak.

Assistant Fire Marshals and Electrical inspectors assisted in the flooded properties to ensure the building were safe to energize with the utility companies.

