ONE BALDWIN STREET
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REP. JANET ANCEL ✓
REP. CAROLYN BRANAGAN ✓
SEN. JOHN CAMPBELL ab
SEN. ANN CUMMINGS ✓
SEN. MARTHA HEATH ✓

REP. MITZI JOHNSON ✓
SEN. JANE KITCHELL ✓
REP. MARK LARSON ✓
SEN. RICHARD SEARS, JR. ab
SEN. DIANE SNELLING ✓

STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE

Agenda

Room: 6, State House

Wednesday, February 9, 2011

12:30 p.m.	Call Meeting to Order
12:32 p.m.	1. Elect Chairs and Officers **Sen. Cummings, Chair** **Rep. Heath, Vice-Chair** **Rep. Branagan, Clerk**
12:40 p.m.	2. Adopt Rules ***Approved***
12:45 p.m.	3. Approve Minutes of November 15, 2010 *[enclosure]* ***Approved***
12:47 p.m.	4. Approve Budget – Nathan Lavery *[handout]* ***Approved***
12:55 p.m.	5. Other Business – Nathan Lavery
1:00 p.m.	Adjourn

Informational Reports:

I. Joint Fiscal Committee requested information from Department of Liquor Control.

II. Quarterly Report of costs and expenditures for proceedings of the Federal Energy Regulatory Commission. *[30 V.S.A. § 20(b)(9)]* (Dept. of Public Service)

III. Annual Report on the Vermont Drinking Water State Revolving Fund. *[24 V.S.A. § 4774(b)]* (Agency of Natural Resources)

IV. Annual Report On all bank charges, service fees and fees charged to consumers related to credit card transactions. *[32 V.S.A. Sec. 583 (e)]* (Office of the Treasurer)

V. Quarterly report on pharmacy best practices and cost control program progress in securing Vermont's participation in such joint purchasing agreements. *[33 V.S.A. Sec. 1998 (c)(1)(6)]* (Department of Vermont Health Access)

VI. Quarterly update on the progress toward completing the facility and developing the residential recovery program. *[Act 43, Sec. 31 (f)(3) of 2009]* (Department of Mental Health) [Requested 2/1/2011]

VII. Quarterly Report on Challenges-for-Change measures and milestones. *[Sec. H4 (a)] of Act 146 of 2010]* (Agency of Administration) [114 pages, viewable at: http://finance.vermont.gov/state_budget/rec/c4c]

VIII. Quarterly Report on Allotments. *[32 V.S.A. Sec. 705(c)]* (Agency of Administration) [none]

Reports previously sent and on file:

A. Monthly Report on SFY11 Catamount Actual Revenue and Expense Tracking *[33 V.S.A. § Sec. 1901(b)]* (These typically are sent electronically each month by Department of Vermont Health Access)

B. Quarterly Report on Small Grants & Gifts. *[32 V.S.A. § 5(a)(3)]* (Joint Fiscal Office)

C. Report on Decommissioning the Vermont Yankee Nuclear Power Plant and Storing Its Radioactive Waste. *[Sec. 5.012.2 of No. 192 of 2007 Adj. Session, amended by, Sec. E.127.1(a) of Act 156 of 2009 Adj. Session]* (Fairewinds Associates, Inc.)

D. Report on Reliability Oversight of Entergy Nuclear Vermont Yankee (ENVY). *[Sec. 5.012.2 of No. 192 of 2007 Adj. Session]* (Fairewinds Associates, Inc.)

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STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE

Wednesday, February 9, 2011

Minutes

Members present: Representatives Ancel, Branagan, Heath, Johnson, and Larson, and Senators Cummings, Kitchel, and Snelling.

Others present: Administration, Joint Fiscal Office staff, various media, lobbyists, and advocacy groups.

The meeting was called to order at 12:30 p.m. by Stephen Klein, Chief Fiscal Officer, Joint Fiscal Office, and nominations for Chair were opened. Senator Kitchel nominated Senator Cummings, no other nominations were proposed, and the nomination of Senator Cummings as Chair for 2011 was approved.

Senator Cummings resumed the meeting as Chair, and opened nominations for vice-chair, whereby Representative Ancel nominated Representative Heath. No other nominations were proposed, and the nomination was approved.

The Chair then opened nominations for clerk, whereby Representative Heath nominated Senator Snelling. No other nominations were proposed, and the nomination was approved.

Senator Kitchel moved the adoption of the revised Joint Fiscal Committee rules, dated February 2011, which were adopted. Representative Heath moved to adopt the minutes of the November 15, 2010 meeting, which were approved.

Nathan Lavery, Business Manager, Joint Fiscal Office, presented the Joint Fiscal Committee proposed FY 2012 budget, stating that the budget was down $440,000 from the previous fiscal year. The major changes within the budget were the reduction in workload pertaining to health care, as the contract for the Health Care Reform Study was one of the one-time expenses in FY 2011. Also, the Blue Ribbon Tax Structure Commission work of the Commission was to end in FY 2011.

Mr. Klein, in response to Representative Johnson's question, clarified that classified and executive branch employees received raises in FY2011, yet Legislative staff received no raises and were furloughed for the past two years. Representative Ancel requested more information on the various employee classifications and pay reductions/increases over the past two years. Mr. Klein offered to do a spreadsheet. The budget also contemplated moving the 5% legislative staff furlough to off-session only, for an effective 3% annual furlough.

Representative Larson moved to adopt the budget as proposed, Senator Kitchel seconded the motion, and the committee approved.

Mr. Lavery then explained, as other committee business, that the Department of Libraries' grant proposal sent to members would continue through the committee's expedited rule process.

Senator Kitchel moved to adjourn the meeting, and the committee adjourned at 12:45 p.m.

Respectively Submitted,

Theresa Utton-Jerman, Joint Fiscal Office

2.

LEGISLATIVE JOINT FISCAL COMMITTEE AND OFFICE POLICIES

FEBRUARY 2011

INDEX

JOINT FISCAL COMMITTEE AND OFFICE POLICIES

[February 2011]

Title 2: Legislature

Chapter 15: Joint Fiscal Committee

501. Creation of committee; purpose

§ 501. Creation of committee; purpose

(a) There is created a joint fiscal committee whose membership shall be appointed at the beginning of each biennial session of the general assembly. The committee shall consist of five representatives and five senators as follows:

(1) The chair of the house committee on appropriations;

(2) The chair of the house committee on ways and means;

(3) The chair of the senate committee on appropriations;

(4) The chair of the senate committee on finance;

(5) Two members of the house, one from each major political party, appointed by the speaker of the house;

(6) Two members of the senate, one from each major political party, appointed by the committee on committees; and

(7) One member of the senate to be appointed by the committee on committees and one member of the house to be appointed by the speaker.

(b) The committee shall elect a chair, vice-chair and clerk and shall adopt rules of procedure. The committee may meet at any time at the call of the chair or a majority of the members of the committee. A majority of the membership shall constitute a quorum.

(c) For attendance at a meeting when the general assembly is not in session, members of the joint fiscal committee shall be entitled to the same per diem compensation and reimbursement for actual and necessary expenses as provided members of standing committees under 2 V.S.A. § 406. (Added 1973, No. 128 (Adj. Sess.), § 1, eff. Jan. 24, 1974; amended 1977, No. 247 (Adj. Sess.), § 202; 1983, No. 88, § 12, eff. July 3, 1983; 1997, No. 61, § 273.)

Title 2: Legislature

Chapter 15: Joint Fiscal Committee

502. Employees; rules; budget

§ 502. Employees; rules; budget

(a) The joint fiscal committee shall meet immediately following the appointment of its membership to organize and conduct its business. The joint fiscal committee shall adopt rules for the operation of its personnel.

(b) The joint fiscal committee shall employ such professional and secretarial staff as are required to carry out its functions and fix their compensation.

(1) Chapter 13 of Title 3 shall not apply to employees of the joint fiscal committee unless this exception is partially or wholly waived by the joint fiscal committee.

(2) All requests for assistance, information, and advice and all information received in connection with fiscal research or related drafting shall be confidential unless the party requesting or giving the information designates in the request that it is not confidential. Documents, transcripts, and minutes of committee meetings, including written testimony submitted to a committee, fiscal notes and summaries which have been released or approved for printing or introduction, and material appearing in the journals or calendars of either house are official documents and shall not be confidential under this subsection.

(c) The joint fiscal committee shall prepare a budget. (Added 1973, No. 128 (Adj. Sess.), § 1, eff. Jan. 24, 1974; amended 2005, No. 215 (Adj. Sess.), § 292.)

Title 2: Legislature

Chapter 15: Joint Fiscal Committee

503. Functions

§ 503. Functions

(a) The joint fiscal committee shall direct, supervise and coordinate the work of its staff and secretaries.

(b) The joint fiscal committee shall:

(1) Furnish research services and secretarial services of a fiscal nature to the committees on appropriations, the senate committee on finance, the house committee on ways and means, the committees on transportation and the joint fiscal committee;

(2) Carry on a continuing review of the fiscal operations of the state, including but not limited to revenues, budgeting and expenditures;

(3) Accept grants, gifts, loans, or any other thing of value, approved by the governor, under the provisions of 32 V.S.A. § 5, when the general assembly is not in session.

(4) Keep minutes of its meetings and maintain a file thereof. (Added 1973, No. 128 (Adj. Sess.), § 1, eff. Jan. 24, 1974; amended 1977, No. 247 (Adj. Sess.), § 187, eff. April 17, 1978; 1997, No. 144 (Adj. Sess.), § 17.)

Title 2: Legislature

Chapter 15: Joint Fiscal Committee

504. Intergovernmental cooperation

§ 504. Intergovernmental cooperation

For the purposes of carrying out its duties, the joint fiscal committee and its staff shall have access to and the right to copy any public record of all executive, administrative and judicial departments of the state, except income and franchise tax returns and other documents classified as confidential by law. (Added 1973, No. 128 (Adj. Sess.), § 1, eff. Jan. 24, 1974.)

RULES OF PROCEDURE

LEGISLATIVE JOINT FISCAL COMMITTEE

[Revised 3/18/94]

Motions and Voting – Every motion shall be reduced to writing by the mover if the Chair or a member so requests. When a question is pending, no motion may be received except:

To adjourn

To adjourn to a day certain

To take a recess

To lay on the table

To postpone indefinitely

To postpone to a day certain

To amend

To reconsider

which motions shall have precedence in the above order. No motion is in order when the Committee is engaged in voting. All members present, including the Chair, shall vote. Voting shall be by voice or roll call.

Executive Session – The Committee may go into executive session pursuant to the terms, conditions and procedure contained in Section XV of the Permanent Rules of the Vermont Senate.

Reconsideration – Action to reconsider on the same day of original vote shall be by three-quarters vote; at subsequent meeting action shall be by majority vote. A motion to reconsider may be made only by a member who voted on the prevailing side of the question. When the decision of a question has been reconsidered, the matter shall not be reconsidered again. Nor when a motion to reconsider has been rejected may that question be reconsidered, or a like motion be in order again.

Subcommittees – The Committee may authorize the appointment of subcommittees to investigate particular subjects. A member of the

Committee shall be chair of each subcommittee and members thereon may include legislators who are not members of the Committee.

Suspension – The Committee's rules may be suspended by three-quarters vote.

Right to Change Rules – The Rules of Procedure of the Joint Fiscal Committee may be changed by a majority of the members present provided that the proposed rule change has been submitted in writing to each member of the Committee no less than fifteen days prior to a meeting of the Committee at which the rule change will be considered.

Procedures Not Covered – In the case of any procedure or business not otherwise addressed by these Rules, the Joint Fiscal Committee shall be guided generally by *Mason's Manual of Legislative Procedure* (latest edition) and specifically by Chapters 54 through 63, inclusive, concerning the conduct of committees.

LEGISLATIVE JOINT FISCAL COMMITTEE
and
JOINT FISCAL OFFICE POLICIES

1. The Joint Fiscal Office is established to provide independent, accurate, analytical, and clerical support for the appropriations and tax writing committees. Its functions and work assignments are subject to approval of the Joint Fiscal Committee and/or the Joint Fiscal Committee chair.

2. It is the intention of the Joint Fiscal Committee that the analyses and work products of the Joint Fiscal Office shall be completed in a factual, reliable, and timely manner to a professional quality standard as required by the Joint Fiscal Committee.

3. Assignments of responsibilities, studies, and work tasks to personnel of the Joint Fiscal Office will be through the Joint Fiscal Committee chair and the Joint Fiscal Officer, except during a session of the General Assembly. During sessions, professional and secretarial personnel will report to the chair of their designated committees for work and scheduling assignments relating to their committee activities. Regularly assigned tasks will continue to be supervised by the Joint Fiscal Officer.

4. The chair of the Joint Fiscal Committee shall assume the responsibility for public information in matters relating to the work of the Joint Fiscal Committee. The individual chairs of the four money committees shall be the principal spokespersons for matters relating to the work and interest of their committees. The Joint Fiscal Officer shall be responsible for information which concerns the operation of the Joint Fiscal Office.

5. Requests for services from legislators other than money committee members will be directed through the Joint Fiscal Committee chair or one of the money committee chairs. Requests for information or facts which do not require research may be addressed to the Joint Fiscal Officer.

6. Detailed analyses or studies which are contrary to established legislative, executive or judicial positions shall be subject to the approval of the Joint Fiscal Committee and/or the chair of the Joint Fiscal Committee.

7. The staff of the Joint Fiscal Office are encouraged to provide analyses and recommendations for improvements and/or alternatives to programs and appropriations for committee consideration.

8. Joint Fiscal Office personnel may serve on study or project task forces other than regular Joint Fiscal Committee work with the approval of the Joint Fiscal Committee or the Joint Fiscal committee chair. Work assignments may also be made as a result of legislation which authorizes or requires Joint Fiscal Office participation in studies and other projects.

9. Joint Fiscal Committee and Joint Fiscal Office records which are covered under the right-to-know statute shall be available to the public at reasonable times and locations upon request to the Joint Fiscal Officer.

Records, working papers, studies, and analyses which represent work in process for the Joint Fiscal Committee, the money committees, or individual legislators services by the Joint Fiscal Office are not public documents and are not available for public inspection through the Joint Fiscal Office.

5. The Joint Fiscal Office shall develop a reasonably representative data base of information related to Joint Fiscal Committee interests and concerns. The information shall be maintained and made available to money committee members.

Title 32: Taxation and Finance

Chapter 1: General Provisions

5. Acceptance of grants

[Revised 2/9/2011]

§ 5. Acceptance of grants

(a) No original of any grant, gift, loan, or any sum of money or thing of value may be accepted by any agency, department, commission, board, or other part of state government except as follows:

(1) All such items must be submitted to the governor who shall send a copy of the approval or rejection to the joint fiscal committee through the joint fiscal office together with the following information with respect to said items:

(A) the source of the grant, gift or loan;

(B) the legal and referenced titles of the grant;

(C) the costs, direct and indirect, for the present and future years related to such a grant;

(D) the department and/or program which will utilize the grant;

(E) a brief statement of purpose;

(F) impact on existing programs if grant is not accepted.

(2) The governor's approval shall be final unless within 30 days of receipt of such information a member of the joint fiscal committee requests such grant be placed on the agenda of the joint fiscal committee, or, when the general assembly is in session, be held for legislative approval. In the event of such request, the grant shall not be accepted until approved by the joint fiscal committee or the legislature. The 30-day period may be reduced where expedited consideration is warranted in accordance with adopted joint fiscal committee policies. During the legislative session the joint fiscal committee shall file a notice with the house and senate clerks for publication in the respective calendars of any grant approval requests that are submitted by the administration.

(3) This section shall not apply to the acceptance of grants, gifts, donations, loans, or other things of value with a value of $5,000.00 or less, provided that such acceptance will not incur additional expense to the state or create an ongoing requirement for funds, services, of facilities. The secretary

of administration and joint fiscal office shall be promptly notified of the source, value and purpose of any items received under this subdivision. The joint fiscal office shall report all such items to the joint fiscal committee quarterly.

(b) In accordance with subsection (a) of this section, in conjunction with a grant, a limited service position request for a position explicitly stated for a specific purpose in the grant, may be authorized. The position shall terminate with the expiration of the grant funding unless otherwise funded by an act of the general assembly. Such authorized limited service positions shall not be created until the appointing authority has certified to the joint fiscal committee that there exists equipment and housing for the positions or that funds are available to purchase equipment and housing for the positions. (Added 1971, No. 260 (Adj. Sess.), § 29(a); amended 1977, No. 247 (Adj. Sess.), § 186, eff. April 17, 1978; 1983, No. 253 (Adj. Sess.), § 248; 1995, No. 46, § 52; 1995, No. 63, § 277, eff. May 4, 1995; 1995, No. 178 (Adj. Sess.), § 416, eff. May 22, 1996; 1997, No. 2, § 72, eff. Feb. 12, 1997; 1997, No. 66 (Adj. Sess.), § 60, eff. Feb. 20, 1998; 2007, No. 65, § 394; 2009, No. 4, § 92.)

Expedited Grant Review Policy

Under current law, 32 V.S.A. Sec. 5, the Joint Fiscal Committee has 30 days to review any "grant, gift, loan, or any sum of money or thing of value" to the State of Vermont that have been accepted by the Governor. Unless the Committee acts to place an item on its agenda, the grant is considered approved. When a grant is placed on the Joint Fiscal Committee agenda, approval is subject to a vote of the Committee.

Under limited circumstances, it may be necessary for the Joint Fiscal Committee to take action on an item in advance of the expiration of the 30 day review period. The Fiscal Year 2011 Appropriations Act, in Sec. E.127.2, amended current law to explicitly allow the Joint Fiscal Committee to establish a policy for expediting review of these requests. The following policy is set forth to allow the Joint Fiscal Committee to approve acceptance of an item prior to the end of the 30 day review period without necessitating a formal committee meeting.

Pursuant to 32 V.S.A. Sec. 5(a)(2), it is the policy of the Joint Fiscal Committee that the statutory 30 day review period may be waived, and the Governor's approval considered final, if members of the Joint Fiscal Committee agree to waive the balance of the review period.

The process for waiving the balance of the review period is as follows:

1. An agency or department, or a member of the General Assembly, must make a request for expedited consideration of an item to the Chair (or vice-chair) of the Joint Fiscal Committee.
2. The Chair of the Joint Fiscal Committee (or vice-chair) will decide whether or not to grant this request. If the request is granted, staff will be authorized to conduct a canvass of the Committee for the purpose of waiving the balance of the review period.
3. Staff shall canvass members via email, telephone, or mail, and maintain a record of all responses.
4. At least seven (7) affirmative responses to the request to waive the balance of the review period must be received. The review period shall not be waived in the event of an objection by any member of the Joint Fiscal Committee.
5. The Joint Fiscal Office shall notify the requesting agency or department of the result of this action.
6. A memorandum recording the waiving of a review period shall be placed on file at the Joint Fiscal Office.

Statutory Basis:
32 V.S.A. § 5 (a)(2). Acceptance of grants

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JOINT FISCAL OFFICE AND LEGISLATIVE COUNCIL

GUIDELINES RELATING TO INFORMATION REQUESTS FROM

POLITICAL CANDIDATES

Specifically identified documents, reports, research and bills which previously have been publicly released will be provided on request to political candidates and their staffs. The cost of copying may be charged if copying costs are incurred.

Neither office will undertake to find, identify, research, organize, assemble, or correlate general requests for documents and bills, even if they are publicly available. For example, a request for copies of "all the bills Senator X introduced," or "all the tax bills introduced in the House in 1989," will not be honored.

No new research will be undertaken on request of any candidate or candidate's staff; except that incumbent members who are candidates for reelection will continue to receive the assistance of either office in connection with their ongoing legislative responsibilities or the preparation of bills for introduction in the regular session.

Memoranda, correspondence, and other information materials prepared specifically for individual members will not be provided, even if they have been circulated by the individual member who requested and received them. Candidates making such requests will be referred to those members.

Voting records will not be researched or released, even the vote of a single member on a single bill. Candidates making such requests will be referred to the Journals of the House and Senate.

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JOINT FISCAL COMMITTEE

PERSONNEL POLICIES

It is the policy of the Joint Fiscal Committee that Joint Fiscal Office staff be accorded fringe benefits comparable to those provided to classified employees in the biennial Agreements between the State of Vermont and the Vermont State Employees Association, Inc.

It is the policy of the Joint Fiscal Committee that Joint Fiscal Office staff be accorded annual salary adjustments comparable to that provided to exempt employees of the Executive Branch of Government. [Provision added by JFC 07/21/94]

Notwithstanding the foregoing, hiring, retention and compensation of the Joint Fiscal Office staff are a function of the Joint Fiscal Committee.

POLICY ON SEXUAL HARASSMENT

The Joint Fiscal Committee endorses, to cover the Joint Fiscal Office staff, the statewide sexual harassment policy applicable to all State of Vermont employees, as set forth in Section 3.1 of the State of Vermont Personnel Policies and Procedures, effective March 1, 1996 and currently applicable (January 2008).

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STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To:	Joint Fiscal Committee Members
From:	Stephen Klein, Chief Fiscal Officer
	Nathan Lavery, Fiscal Analyst
Date:	February 8, 2012
Subject:	FY2012 Joint Fiscal Office Budget Request

Attached please find details of the FY2012 Joint Fiscal Office budget request. The Joint Fiscal Office recommends the Committee support the Governor's recommended appropriation of $1,465,429 General Funds for FY2012.

Please note the following:

- Total FY2012 spending is anticipated to be approximately -$441,000 or -2.4% compared to the FY 2011 projected spending level.

- Total staff size is reduced by 1 position, from 14 positions to 13 positions. Richard Reed's departure has resulted in additional responsibilities for remaining staff. The Blue Ribbon Tax Structure Commission staff director position has also been eliminated, but was not counted toward the position total in FY 2011.

- Staff making over $60,000 continue to have a 5% furlough for non-session time; this results in an effective furlough of 3% annually. No annual raises or cost-of-living adjustments have been built into the FY2012 request, and none have been granted since July 2007.

- The FY2012 General Fund appropriation request of $1,465,429 is approximately $20,000 below anticipated FY2012 need. This deficit will be managed though the generation of FY2011 carry forward funding.

- No funding is included to support an extension of the Blue Ribbon Tax Structure Commission beyond FY2011.

- $30,000 is budgeted for research related to health care redesign initiatives.

- The budget includes funding for health information technology consultant Capitol Health Associates (Hans Kastensmith); however, discussions are underway to move this contract and associated funding to the Executive branch.

FY2012 Joint Fiscal Office Budget

February 4, 2011

	FY10 Actual 14 pos	FY11 Projected 14 pos	FY12 Request 13 pos
SOURCES OF FUNDS			
General fund appropriation	1,509,197	1,504,666	1,465,429
Health Design Appropriation		250,000	
Health Design Transfer (from HCRC)		50,000	
Carry forward	18,530	237,573	20,000
Retirement savings		(2,472)	
Benefits savings		(5,561)	
Rescissions	(26,621)		
TOTAL SOURCES	1,501,106	2,034,206	1,485,429
USES OF FUNDS			
Personal Services			
Salaries	757,000	758,309	750,646
FICA/Medicare	55,258	56,385	56,589
Health Ins	107,808	123,763	136,285
Retirement	62,145	79,932	89,599
Dental	8,178	8,895	8,307
Life Ins.	2,642	2,806	2,702
Disability	1,764	1,885	1,709
Employee Assistance Program	342	319	319
Workers' Compensation	1,976	2,300	2,500
Contract - Kavet	81,231	120,000	115,000
Contract - Kavet (additional forecasts)	8,000	0	0
Contract - Hsiao/Health Care Redesign	0	300,000	30,000
Contract - Policy Integrity	14,301	25,000	20,000
Contract - Steve Gold	2,430	8,000	8,000
Contract - Deb Brighton	23,250	30,000	25,000
Contract - Capitol Health Associates	0	127,500	127,500
Other Personal Services	4,000	4,500	4,500
Subtotal Personal Services	1,130,325	1,649,594	1,378,656
Operating Expenses			
Software (REMI, forecasting models)	4,779	8,000	8,000
Fee for space	37,128	35,507	37,648
Advertising	0	5,000	4,000
Printing & Copying	1,665	2,600	2,000
Postage	490	1,500	1,000
Dues & Subscriptions	5,888	12,000	10,000
Registrations	3,679	5,800	4,000
Insurances	2,094	3,608	3,776
In state travel expenses	1,387	3,412	2,500
Out of state travel expenses & training	9,092	12,774	10,000
Accounting	7,010	13,986	13,849
Other payments, adjustments	6,090	27,000	10,000
Subtotal Operating Expenses	79,302	131,187	106,773
Tax Commission	53,906	146,094	0
Total Uses	1,263,533	1,926,875	1,485,429
BALANCE	91,479	15,852	0
Tax Commission BALANCE	146,094	0	0

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STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee Members

From: Nathan Lavery, Fiscal Analyst

Date: February 4, 2011

Subject: Grant Request

Enclosed please find one (1) request that the Joint Fiscal Office has received from the administration.

JFO #2482 — $550,000 grant from the Bill & Melinda Gates Foundation to the Department of Libraries. This grant will be used to support fiber broadband connectivity for 53 public libraries throughout the state. This effort will be part of the Vermont FiberConnect project. **Expedited review has been requested for this item.**

These documents are being distributed in advance of the formal convening of the Joint Fiscal Committee in order to provide members with additional review time. Should the committee Chair ultimately grant expedited review, committee members will be contacted shortly thereafter with a request to waive the statutory review period and accept this item.

In accordance with the procedures for processing such requests, we ask you to review the enclosed and notify the Joint Fiscal Office (Nathan Lavery at 802-828-1488; nlavery@leg.state.vt.us) if you have questions or would like an item held for legislative review.

cc: Martha Reid, State Librarian

I.

VERMONT

State of Vermont
Department of Liquor Control
13 Green Mountain Drive, Drawer 20 [phone] 802-828-2339
Montpelier, VT 05620-4501 [fax] 802-828-1031
http://liquorcontrol.vermont.gov/

Michael J. Hogan, Commissioner

January 7, 2011

Nathan Lavery, Fiscal Analyst
Joint Fiscal Committee
Vt. Statehouse
Montpelier, Vt. 05620
Re: JFO #2448

The Joint Fiscal Committee has requested updates on the status of this project at their January, 2011 and July, 2011 meetings. These updates should include information on revenues and expenses of the project, number of participants, adjustments to the course fee, and uses of any net revenues.

Background:

In 2010, the Education Division of the Vermont Department of Liquor Control submitted a grant request to the National Alcohol Beverage Control Association's Education Task Force in the amount of $10,000 to create a new mode of training for cashiers who sell either alcohol or tobacco in Vermont. At the outset of the grant process, we endeavored to not use state funds in its creation, to make this a "stand-alone" product and especially one that would be revenue neutral going forward. We have succeeded in all aspects.

This grant helped create online training that is now available 24/7 to anyone wishing to become certified, as required by 7 VSA 239. The contents were created, and are now monitored and maintained by employees in the Education Division to make certain the contents remain current and hit all required benchmarks and regulatory topics. The hosting is under contract with Global Classroom from their Burlington facilities. They charge a fee for hosting services and the remaining funds per student are then forwarded to Liquor Control to defray our costs. The student is required to successfully complete the final exam at the end of the course and results are sent to us for documentation. The student receives a certificate that is also entered into our database. The fee to the student ($25) covers all costs.

The $10,000 from the NABCA for the eLearning class covered the online course creation software (Articulate and Camtasia), the contract with Global Classroom, as well as notification to license holders of the learning program.

As stated above, the department maintains total control over course contents, monitors all participants and receives reports from Global Classroom regarding the student information and demographics. There is no way to know how many cashiers will avail themselves of this eLearning product in the coming years, but there were several requests from the industry prior to our grant request that we provide some kind of online training. Since we began offering the program (beginning on December 1, 2010) we have seen students taking the classes at all hours of the day and night as well as days of the week; we even had one student complete the course on Christmas Day. We know this since the program is set to immediately send an email to the three Educators in Liquor Control upon completion of the final exam by each student.

As to future plans, the Education Division will be creating a similar program for bartenders and alcohol servers in the coming year. Since the software has already been purchased, the cost will be minimal. We further intend to create trainings for solicitors, manufacturers, holders of festivals permits, as well as others. We have already created and launched a training program for tobacco sellers at a minimal cost to the student ($10).

Revenue, Expenses, Number Participants:

As of today's date 1/7/2011 we have made a total of $416.00 from the online trainings

20 people paid for and took the 2nd class store training at a cost of $25.00 per person Total money collected $500.00 with a profit of $400.00 after global classroom takes their 20%.

2 people paid for and took the tobacco only training at a cost of $10.00 per person Total money collected $20.00 with a profit of $16.00 after global classroom takes their 20 %

Total costs for the project were:

$3500.00 in contract with Global classroom
$6500.00 in software and equipment (microphones) for creating the program and mailings

Summary: The course is relatively new starting on Dec 1, 2010. We expect the numbers to increase as more and more licensees and their employees sign up for the course. Online training will be for a certain segment of our population especially for those who need last minute training to be certified and for those businesses who can't afford to have their employees gone for the day. The Department will follow up with another status report in July 2011.

Michael J. Hogan
Commissioner of Liquor Control

I. (just letter attached)

Theresa Utton-Jerman - REMINDER: Report to JFC

From: Nathan Lavery
To: Hogan, Mike
Date: 1/3/2011 9:53 AM
Subject: REMINDER: Report to JFC
CC: Menard, Jane; Utton-Jerman, Theresa
Attachments: GENERAL-#259792-v1-Final_Status_JFO_#2447_#2448_#2449.DOC

Hello Commissioner Hogan,

This email is a reminder that the Joint Fiscal Committee requested a report from Liquor Control on a project related to a NABCA grant.

The January meeting has yet to be scheduled (although the 14th would be a good bet at this point), but I wanted to make sure this was on your radar. I have attached the approval memo you received in July as a refresher.

Nathan Lavery
Fiscal Analyst
Legislative Joint Fiscal Office
One Baldwin Street
Montpelier VT 05633-5301
(802) 828-1488
nlavery@leg.state.vt.us

I.

1 BALDWIN STREET,
MONTPELIER, VT 05633-5701

PHONE: (802) 828-2295
FAX: (802) 828-2483

STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: James Reardon, Commissioner of Finance & Management

From: Nathan Lavery, Fiscal Analyst

Date: July 14, 2010

Subject: JFO #2447, #2448, #2449

No Joint Fiscal Committee member has requested that the following items be held for review:

JFO #2447 — $100,000 grant from the U.S. Administration on Aging to the Vermont Department of Health. These funds will support efforts to build state infrastructure to implement evidence-based chronic disease self-management programs (Blueprint for Health). This grant is awarded under the American Recovery and Reinvestment Act.
[*JFO received 6/04/10*]

JFO #2448 — $10,000 grant from the National Alcohol Beverage Control Association to the Department of Liquor Control. These funds will be used to provide "seed" money for the creation of an on-line education program for sellers of alcohol in Vermont.
Note: The Joint Fiscal Committee requests updates on the status of this project at their January, 2011 and July, 2011 meetings. These updates should include information on revenues and expenses of the project, number of participants, adjustments to the course fee, and uses of any net revenues.
[*JFO received 6/04/10*]

JFO #2449 — Request from the Vermont Public Service Department to establish one limited service position. Funding for this position is available through an award from the American Recovery and Reinvestment Act.
[*JFO received 6/04/10*]

The Governor's approval may now be considered final. We ask that you inform the Secretary of Administration and your staff of this action.

cc: Wendy Davis, Commissioner
Michael Hogan, Commissioner
David O'Brien, Commissioner

Theresa Utton-Jerman - Fwd: RE: REMINDER: Report to JFC

From:	Nathan Lavery
To:	Utton-Jerman, Theresa
Date:	1/10/2011 10:05 AM
Subject:	Fwd: RE: REMINDER: Report to JFC
Attachments:	January 2011 response on NABCA Grant Training Monies.doc

Hi Theresa,

Attached is a memo from Liquor Control that was requested by JFC as part of the approval of the associated grant. They were asked to report in January.

I suspect that this memo is enough and that there is no reason to actually have them come before the committee, but please ask (when there is a chair...) and let me know.

Thanks.

>>> "Hogan, Mike" <Mike.Hogan@state.vt.us> 1/10/2011 9:54 AM >>>

Nathan: Is this sufficient information for the committee? See attached. Thanks-Mike

VERMONT

Michael J. Hogan
Commissioner of Liquor Control
State of Vermont
13 Green Mountain Drive
Montpelier, Vermont 05620-4501
(802) 828-2345

From: Nathan Lavery [mailto:nlavery@leg.state.vt.us]
Sent: Monday, January 03, 2011 9:54 AM
To: Hogan, Mike
Cc: Utton, Theresa L.; Menard, Jane
Subject: REMINDER: Report to JFC

Hello Commissioner Hogan,

This email is a reminder that the Joint Fiscal Committee requested a report from Liquor Control on a project related to a NABCA grant.

The January meeting has yet to be scheduled (although the 14th would be a good bet at this point), but I wanted to make sure this was on your radar. I have attached the approval memo you received in July as a refresher.

Nathan Lavery
Fiscal Analyst
Legislative Joint Fiscal Office
One Baldwin Street
Montpelier VT 05633-5301
(802) 828-1488
nlavery@leg.state.vt.us

II,

VERMONT

State of Vermont
Department of Public Service
112 State Street
Drawer 20
Montpelier, VT 05620-2601
TEL: 802-828-2811

FAX: 802-828-2342
TTY VT: 800-734-8390
email: vtdps@state.vt.us
http://publicservice.vermont.gov/

January 7, 2011

STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE
ONE BALDWIN STREET
MONTPELIER, VT 05633-5701

To: The Legislative Joint Fiscal Committee
Rep. Michael J. Obuchowski, Chair
Sen. Ann Cummings, Vice-Chair
Sen. Diane Snelling, Clerk
Rep. Janet Ancel
Sen. Susan Bartlett
Rep. Martha Heath
Rep. Mark Larson
Sen. Richard Sears, Jr.
Sen. Peter Shumlin
~~Rep. Richard Westman~~ Rep. Carolyn Branagan

Enclosed is the Quarterly Report of costs and expenditures for proceedings of the Federal Energy Regulatory Commission *[30 V.S.A. § 20 (b)(9)]* covering the period from October 1, 2010 through December 31, 2010.

Respectfully Submitted,
Vermont Department of Public Service

Elizabeth Miller
Commissioner

enclosure

Public Service Department Expenditures
Related to Proceedings
At the
Federal Energy Regulatory Commission
For the period
October 1, 2010 through December 31, 2010

General Description of Activity

The Department takes action at the Federal Energy Regulatory Commission (FERC) to protect the interest of Vermont ratepayers in many different proceedings. We have FERC counsel on contract to monitor general FERC actions and proceedings and to also represent Vermont's interests in particular proceedings. For example, the Department has been active at FERC in ensuring fairness in cost allocations for utility projects and in ensuring Vermont's interests are represented in New England transmission projects. The issues vary from quarter to quarter but it is crucial to Vermont consumers that the Public Service Department intervenes at FERC when necessary to ensure that the costs flowing back to Vermont ratepayers as a result of FERC activity and proceedings are true, accurate, just and reasonable. .

Expenditures

For FERC related activity affecting Vermont[1]	19,559.25
Indirect Expenditures[2]	247.46
Total Expenditures[3] for the Quarter	**$19,806.71**

---

[1] In accordance with Title 30, § 20 (b) (9) the department of public service provides the following quarterly report for expenditures related to FERC proceedings affecting the State and Vermont Utilities for the period April 1, 2009 through June 30, 2009.

§ 20. Particular proceedings; personnel

(b) Proceedings, including appeals therefrom, for which additional personnel may be retained are:

(9) proceedings at the Federal Energy Regulatory Commission which involve Vermont utilities or which may affect the interests of the state of Vermont. Costs under this subdivision shall be charged to the involved electric or natural gas companies pursuant to section 21(a) of this title. In cases where the proceeding is generic in nature the costs shall be allocated to electric or natural gas companies in proportion to the benefits sought for the customers of such companies from such advocacy. The public service board and the department of public service shall report quarterly to the joint fiscal committee all costs incurred and expenditures charged under the authority of this subsection, and the purpose for which such costs were incurred and expenditures made;

[2] Indirect expenditures include telephone, postage and coping expense.
[3] Expenditures include amounts actually paid for the quarter.

Copy to NG 4/9

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STINSON MORRISON HECKER LLP

19598

9/17

Contract 17501

STATE OF VERMONT, DEPARTMENT OF PUBLIC SERVICE
ATTN CHRISTINE DEWYEA
CONTRACT 17501
112 STATE ST
DRAWER 20
MONTPELIER, VT 05620-2601

AUGUST 10, 2010
773843-0001
INVOICE #9917083
HARVEY REITER

REGARDING: GENERAL - MONITORING OF FERC PROCEEDINGS AFFECTING VERMONT

For Services Rendered Through July 31, 2010	1,934.50
For Disbursements Advanced Through July 31, 2010	2.60
TOTAL	1,937.10

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Contract 17501

STATE OF VERMONT, DEPARTMENT OF PUBLIC SERVICE
FILE NUMBER: 773843-0001
INVOICE NO.: 9917083

----------------------------TIME AND FEE SUMMARY----------------------

TIMEKEEPER		RATE	HOURS	FEES
H REITER	PARTNER	365.00	1.30	474.50
J TROTTA	ASSOCIATE	365.00	4.00	1460.00
	TOTALS		5.30	1934.50

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STATE OF VERMONT, DEPARTMENT OF PUBLIC SERVICE
FILE NUMBER: 773843-0001
INVOICE NO.: 9917083

FOR LEGAL SERVICES RENDERED THROUGH 07/31/10

DATE	DESCRIPTION	AMOUNT
07/01/10	Monitor and report on Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
07/02/10	Monitor and report on Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
07/06/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .10 hours at 365.00 per hour.	36.50
07/07/10	Monitor Federal Energy Regulatory Commission issuances and filings. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50
07/08/10	Monitor Federal Energy Regulatory Commission issuances and filings; review Commission agenda for July 15, 2010 open meeting. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50
07/09/10	Monitor Federal Energy Regulatory Commission issuances and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
07/12/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
07/13/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00

Contract 17501

STATE OF VERMONT, DEPARTMENT OF PUBLIC SERVICE
FILE NUMBER: 773843-0001
INVOICE NO.: 9917083

07/14/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
07/16/10	Review FERC documents via FERC website to determine whether any Vermont related cases have been filed. HARVEY REITER .30 hours at 365.00 per hour.	109.50
07/16/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
07/19/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
07/20/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
07/21/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
07/22/10	Review Mr. O'Brien e-mail, research, discussion with Mr. O'Brien and Vermont staff. HARVEY REITER .70 hours at 365.00 per hour.	255.50
07/22/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
07/23/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
07/26/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50

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07/27/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
07/28/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .10 hours at 365.00 per hour.	36.50
07/29/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
07/30/10	Review FERC documents via FERC website to determine whether any Vermont related cases have been filed. HARVEY REITER .30 hours at 365.00 per hour.	109.50
07/30/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .10 hours at 365.00 per hour.	36.50

TOTAL SERVICES 1934.50

DISBURSEMENTS ADVANCED THROUGH 07/31/10

DATE	DESCRIPTION	AMOUNT
07/06/10	Photocopies, 13 copies by Claudia F Whitley	2.60

TOTAL DISBURSEMENTS 2.60

14548 (3)

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tax ID #44 0843135
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Approved By SH
Date 9/24/10

Contract 17501

STATE OF VERMONT, DEPARTMENT OF PUBLIC SERVICE
ATTN CHRISTINE DEWYEA
CONTRACT 17501
112 STATE ST
DRAWER 20
MONTPELIER, VT 05620-2601

SEPTEMBER 9, 2010
773843-0001
INVOICE #9921071
HARVEY REITER

REGARDING: GENERAL - MONITORING OF FERC PROCEEDINGS AFFECTING VERMONT

For Services Rendered Through August 31, 2010	2,044.00
For Disbursements Advanced Through August 31, 2010	.00
TOTAL	2,044.00

STATE OF VERMONT
DEPT OF PUBLIC SERVICE
MONTPELIER, VT.
05620-2601

2010 SEP 21 A 9:45

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Contract 17501

STATE OF VERMONT, DEPARTMENT OF PUBLIC SERVICE

FILE NUMBER: 773843-0001
INVOICE NO.: 9921071

----------------------------TIME AND FEE SUMMARY----------------------

----------TIMEKEEPER---------		RATE	HOURS	FEES
H REITER	PARTNER	365.00	1.10	401.50
J TROTTA	ASSOCIATE	365.00	4.50	1642.50
	TOTALS		5.60	2044.00

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FILE NUMBER: 773843-0001
INVOICE NO.: 9921071

FOR LEGAL SERVICES RENDERED THROUGH 08/31/10

DATE	DESCRIPTION	AMOUNT
08/02/10	Review FERC documents via FERC website to determine whether any Vermont related cases have been filed. HARVEY REITER .40 hours at 365.00 per hour.	146.00
08/02/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .10 hours at 365.00 per hour.	36.50
08/03/10	Review FERC documents via FERC website to determine whether any Vermont related cases have been filed. HARVEY REITER .20 hours at 365.00 per hour.	73.00
08/03/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .10 hours at 365.00 per hour.	36.50
08/04/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .10 hours at 365.00 per hour.	36.50
08/05/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
08/09/10	Review FERC documents via FERC website to determine whether any Vermont related cases have been filed. HARVEY REITER .20 hours at 365.00 per hour.	73.00
08/09/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .10 hours at 365.00 per hour.	36.50

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08/10/10	Review FERC documents via FERC website to determine whether any Vermont related cases have been filed. HARVEY REITER .30 hours at 365.00 per hour.	109.50
08/10/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .40 hours at 365.00 per hour.	146.00
08/11/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
08/12/10	Monitor and provide update on Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .40 hours at 365.00 per hour.	146.00
08/16/10	Monitor and report on Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50
08/17/10	Monitor and report on Federal Energy Regulatory Commission notices, issuances and filings, including ISO-New England Forward Capacity Auction revision order. JONATHAN P TROTTA .40 hours at 365.00 per hour.	146.00
08/18/10	Monitor and report on Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
08/19/10	Monitor and report on Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
08/23/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50

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FILE NUMBER: 773843-0001
INVOICE NO.: 9921071

08/24/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50
08/25/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
08/26/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
08/27/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
08/30/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50
08/31/10	Provide update on Federal Energy Regulatory Commission issuances, notices and filings, including New England Independent System Operator's fourth Forward Capacity Auction Results filing. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50

TOTAL SERVICES 2044.00

TOTAL DISBURSEMENTS 0.00

19598(3)

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STINSON
MORRISON
HECKER
LLP

Approved By SH
Date 10/5/10

Contract 17501

STATE OF VERMONT, DEPARTMENT OF PUBLIC SERVICE
ATTN CHRISTINE DEWYEA
CONTRACT 17501
112 STATE ST
DRAWER 20
MONTPELIER, VT 05620-2601

SEPTEMBER 9, 2010
773843-0145
INVOICE #9921072
HARVEY REITER

REGARDING: CALIFORNIA FEED-IN TARIFF - DOCKET NO EL10-64

For Services Rendered Through August 31, 2010	11,114.25
For Disbursements Advanced Through August 31, 2010	.00
TOTAL	11,114.25

STATE OF VERMONT
DEPT OF PUBLIC SERVICE
MONTPELIER, VT.
05620-2601
2010 SEP 21 A 9:45

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tax ID #44 0643135
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Contract 17501

STATE OF VERMONT, DEPARTMENT OF PUBLIC SERVICE
FILE NUMBER: 773843-0145
INVOICE NO.: 9921072

----------------------------TIME AND FEE SUMMARY----------------------

----------TIMEKEEPER---------		RATE	HOURS	FEES
H REITER	PARTNER	365.00	3.60	1314.00
J MCCAFFREY	PARTNER	365.00	24.45	8924.25
J TROTTA	ASSOCIATE	365.00	2.40	876.00
	TOTALS		30.45	11114.25

STINSON MORRISON HECKER LLP

Contract 17501

STATE OF VERMONT, DEPARTMENT OF PUBLIC SERVICE
FILE NUMBER: 773843-0145
INVOICE NO.: 9921072

FOR LEGAL SERVICES RENDERED THROUGH 08/31/10

DATE	DESCRIPTION	AMOUNT
08/05/10	Discuss feed in tariff with Sarah Hofmann. HARVEY REITER .20 hours at 365.00 per hour.	73.00
08/16/10	Review CDUC rehearing request. HARVEY REITER .30 hours at 365.00 per hour.	109.50
08/17/10	Review CPUC rehearing. HARVEY REITER .30 hours at 365.00 per hour.	109.50
08/18/10	Review California Public Utilities Commission's request for rehearing of the Federal Energy Regulatory Commission's decision on California's feed-in tariff for combined heat and power generators. JONATHAN P TROTTA .80 hours at 365.00 per hour.	292.00
08/19/10	Research for memo, discuss with Mr. McCaffrey. HARVEY REITER .50 hours at 365.00 per hour.	182.50
08/19/10	Legal research concerning feed-in tariff issues to prepare memorandum for VDPS concerning effect of FERC order on California feed-in tariff. JOHN MCCAFFREY 2.05 hours at 365.00 per hour.	748.25
08/20/10	Legal research regarding PURPA and FPA issues relating to FERC ruling on California feed-in tariff ruling to prepare memorandum to VDPS regarding same. JOHN MCCAFFREY 5.80 hours at 365.00 per hour.	2117.00

Contract 17501

STATE OF VERMONT, DEPARTMENT OF PUBLIC SERVICE
FILE NUMBER: 773843-0145
INVOICE NO.: 9921072

08/20/10	Monitor and report on Federal Energy Regulatory Commission notices, issuances and filings, including Mirant request for emergency rehearing of Federal Energy Regulatory Commission's ISO-New England Forward Capacity Market Order. JONATHAN P TROTTA .40 hours at 365.00 per hour.	146.00
08/22/10	Legal research concerning PURPA issues raised by California feed-in tariff FERC ruling; outline issues for memorandum to VDPS regarding same. JOHN MCCAFFREY 4.15 hours at 365.00 per hour.	1514.75
08/23/10	Draft memorandum to VDPS regarding California feed-in tariff FERC ruling. JOHN MCCAFFREY 7.15 hours at 365.00 per hour.	2609.75
08/23/10	Review and prepare summary of California Public Utilities Commission's request for rehearing of the Federal Energy Regulatory Commission's feed-in tariff order. JONATHAN P TROTTA 1.20 hours at 365.00 per hour.	438.00
08/24/10	Prepare memo to Ms. Hoffman, edit memo and discuss with Mr. McCaffrey. HARVEY REITER .60 hours at 365.00 per hour.	219.00
08/24/10	Draft edits to memo. HARVEY REITER .70 hours at 365.00 per hour.	255.50
08/24/10	Edit memorandum to VDPS regarding California feed-in tariff issues; review edits of Mr. Reiter to same. JOHN MCCAFFREY 5.30 hours at 365.00 per hour.	1934.50
08/25/10	Finalize memo to Ms. Hoffman, review NARUC rehearing. HARVEY REITER .70 hours at 365.00 per hour.	255.50
08/30/10	Review memo regarding feed in tariff. HARVEY REITER .30 hours at 365.00 per hour.	109.50

1959 8/3

STINSON MORRISON HECKER LLP

PO Box 843052 Kansas City, MO 64184-3052 toll free 800.846.1201
Kansas City | St. Louis | Jefferson City | Overland Park | Wichita | Omaha | Washington, D.C. | Phoenix

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Contract #17501

STATE OF VERMONT, DEPARTMENT OF PUBLIC SERVICE
ATTN CHRISTINE DEWYEA
CONTRACT 17501
112 STATE ST
DRAWER 20
MONTPELIER, VT 05620-2601

NOVEMBER 10, 2010
773843-0145
INVOICE #9930781
HARVEY REITER

REGARDING: CALIFORNIA FEED-IN TARIFF - DOCKET NO EL10-64

For Services Rendered Through October 31, 2010	1,241.00
For Disbursements Advanced Through October 31, 2010	244.86
TOTAL	1,485.86

Approved By
SH
Date
12-7-10

STATE OF VERMONT
DEPT OF PUBLIC SERVICE
MONTPELIER, VT.
05620-2601

2010 NOV 29 A 11:48

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tax ID #44 0643135
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Contract #17501

STATE OF VERMONT, DEPARTMENT OF PUBLIC SERVICE
FILE NUMBER: 773843-0145
INVOICE NO.: 9930781

FOR LEGAL SERVICES RENDERED THROUGH 10/31/10

DATE	DESCRIPTION	AMOUNT
10/14/10	Discussion with Ms. Hoffman regarding case status. HARVEY REITER .40 hours at 365.00 per hour.	146.00
10/15/10	Review materials regarding feed-in tariff. HARVEY REITER .50 hours at 365.00 per hour.	182.50
10/15/10	Conference call with Ms. Hoffman, Mr. O'Brien and Mr. Mertens. HARVEY REITER .80 hours at 365.00 per hour.	292.00
10/22/10	Send summary of rehearing order to Ms. Hofmann and Mr. Mertens, exchange e-mails regarding same, review order. HARVEY REITER .80 hours at 365.00 per hour.	292.00
10/26/10	Review memo regarding feed in tariff from Mr. Mertens. HARVEY REITER .50 hours at 365.00 per hour.	182.50
10/27/10	Review rehearing order. HARVEY REITER .40 hours at 365.00 per hour.	146.00
	TOTAL SERVICES	1241.00

STINSON MORRISON HECKER LLP

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STATE OF VERMONT, DEPARTMENT OF PUBLIC SERVICE
FILE NUMBER: 773843-0145
INVOICE NO.: 9930781

DISBURSEMENTS ADVANCED THROUGH 10/31/10

DATE	DESCRIPTION	AMOUNT
08/22/10	Westlaw research-J McCaffrey	244.86
	TOTAL DISBURSEMENTS	244.86

Contract #17501

WESTLAW EXPENSE

THE RATES USED TO CALCULATE CLIENT/REFERENCE CHARGES HAVE BEEN DESIGNATED BY SUBSCRIBER OR ARE BASED ON RETAIL
AGREES NOT TO DISSEMINATE THIS REPORT TO ANY THIRD PARTY OR TO REPRESENT THE CHARGES AS ACTUAL ONLINE

...iness

Contract #17501

...273951
...MORRISON HECKER LLP
...GTON, DC 20036-3845

CLIENT/REFERENCE BY USER BY DAY DETAIL

AUG 01, 2010 - AUG 31, 2010

INVOICE # 821292666
POSTING # 6068194924

CLIENT/REFERENCE	DATABASE TIME	TRANS	CONNECT/ COMMUNICATION	DOC/LINES	TOTAL CHARGE IN USD*
INTRANET FIND&PRINT FINDS		8			36.05
TOTAL SPECIAL PRICING INCLUDED CHARGES(I)	:00I	8I	:00I	0I	36.05I
08/23/2010 SPECIAL PRICING INCLUDED CHARGES(I)					
INTRANET FIND&PRINT FINDS		4			18.02
TOTAL SPECIAL PRICING INCLUDED CHARGES(I)	:00I	4I	:00I	0I	18.02I
	:00S	19S	:00S	0S	85.61S
773843-0145 CHARGES					
558674 MCCAFFREY, JOHN E					
08/22/2010 SPECIAL PRICING INCLUDED CHARGES(I)					
TRANSACTIONAL SEARCHES		3			244.86
TOTAL SPECIAL PRICING INCLUDED CHARGES(I)	:00I	3I	:00I	0I	244.86I
TOTAL 773843-0145 CHARGES	:00S	3S	:00S	0S	244.86S
775141-0001					
1834859 CLAIR, ADRIENNE					
08/02/2010 SPECIAL PRICING INCLUDED CHARGES(I)					
TRANSACTIONAL SEARCHES		1			68.90
TRANSACTIONAL ONLINE FINDS		1			14.84
WESTLAW DOCUMENTS				3	52.47
TOTAL SPECIAL PRICING INCLUDED CHARGES(I)	:00I	2I	:00I	3I	136.21I
08/06/2010 SPECIAL PRICING INCLUDED CHARGES(I)					
TRANSACTIONAL SEARCHES		2			137.80
TRANSACTIONAL ONLINE FINDS		1			14.84
TOTAL SPECIAL PRICING INCLUDED CHARGES(I)	:00I	3I	:00I	0I	152.64I
08/18/2010 SPECIAL PRICING INCLUDED CHARGES(I)					
TRANSACTIONAL SEARCHES		1			68.90
TRANSACTIONAL ONLINE FINDS		1			14.84
TOTAL SPECIAL PRICING INCLUDED CHARGES(I)	:00I	2I	:00I	0I	83.74I
08/24/2010 SPECIAL PRICING INCLUDED CHARGES(I)					
TRANSACTIONAL SEARCHES		8			551.20
WESTLAW DOCUMENTS				1	17.49
TOTAL SPECIAL PRICING INCLUDED CHARGES(I)	:00I	8I	:00I	1I	568.69I
TOTAL 775141-0001 CHARGES	:00S	15S	:00S	4S	941.28S
775142-0027-HLRMDZ					
558681 ZOSA, DENYSE					

* INCLUDES APPLICABLE TAXES   WN   1000596543   Z

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Contract #17501

STATE OF VERMONT, DEPARTMENT OF PUBLIC SERVICE
ATTN CHRISTINE DEWYEA
CONTRACT 17501
112 STATE ST
DRAWER 20
MONTPELIER, VT 05620-2601

NOVEMBER 10, 2010
773843-0001
INVOICE #9930780
HARVEY REITER

REGARDING: GENERAL - MONITORING OF FERC PROCEEDINGS AFFECTING VERMONT

For Services Rendered Through October 31, 2010	3,225.50
For Disbursements Advanced Through October 31, 2010	.00
TOTAL	3,225.50

Approved By
12-7-10
Date
SH

2010 NOV 29 A 11:48

STATE OF VERMONT
DEPT OF PUBLIC SERVICE
MONTPELIER, VT.
05620-2601

PLEASE RETURN THIS REMITTANCE COPY WITH YOUR PAYMENT

Contract #17501

STATE OF VERMONT, DEPARTMENT OF PUBLIC SERVICE
FILE NUMBER: 773843-0001
INVOICE NO.: 9930780

FOR LEGAL SERVICES RENDERED THROUGH 10/31/10

DATE	DESCRIPTION	AMOUNT
10/04/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. Follow up on, among others, initial decision in ISO-NE capacity market manipulation case and Vermont Electric Power Company tariff filing. Review Vermont Electric Power Company propose tariff changes to Hydro-Quebec Participation Agreement. JONATHAN P TROTTA 1.20 hours at 365.00 per hour.	438.00
10/05/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50
10/06/10	Monitor and report on Federal Energy Regulatory Commission issuance, notices and filings. JONATHAN P TROTTA .40 hours at 365.00 per hour.	146.00
10/07/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50
10/08/10	Search FERC website for any issuances, notices or filings related to Vermont matters. HARVEY REITER .50 hours at 365.00 per hour.	182.50
10/08/10	Monitor Federal Energy Regulatory Commission issuances, notices and filings. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50
10/11/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50

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STATE OF VERMONT, DEPARTMENT OF PUBLIC SERVICE
FILE NUMBER: 773843-0001
INVOICE NO.: 9930780

10/12/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
10/13/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50
10/14/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
10/15/10	Research declaratory order filing fee. DENYSE ZOSA .20 hours at 250.00 per hour.	50.00
10/15/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
10/18/10	Search FERC website for any issuances, notices or filings related to Vermont DPS matters. HARVEY REITER .30 hours at 365.00 per hour.	109.50
10/18/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50
10/19/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
10/20/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50
10/21/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50

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10/22/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
10/23/10	Review and prepare reports on recent ISO New England and NEPOOL filings, including ISO New England and NEPOOL Forward Capacity Market Cold Weather Revisions to Market Rule 1. JONATHAN P TROTTA .80 hours at 365.00 per hour.	292.00
10/25/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
10/26/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50
10/27/10	Search FERC website for any issuances, notices or filings related to Vermont matters, discussion with Mr. Mertens regarding AP case and ROE issue. HARVEY REITER .40 hours at 365.00 per hour.	146.00
10/27/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .30 hours at 365.00 per hour.	109.50
10/28/10	Search FERC website for any issuances, notices or filings related to Vermont matters; prepare memo to Mr. Mertens regarding FCM changes. HARVEY REITER .30 hours at 365.00 per hour.	109.50
10/28/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00
10/29/10	Search FERC website for any issuances, notices or filings related to Vermont DPS matters. HARVEY REITER .20 hours at 365.00 per hour.	73.00

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HECKER
LLP

Contract #17501

10/22/10 Monitor Federal Energy Regulatory Commission notices, issuances and filings.
JONATHAN P TROTTA .20 hours at 365.00 per hour. 73.00

10/23/10 Review and prepare reports on recent ISO New England and NEPOOL filings, including ISO New England and NEPOOL Forward Capacity Market Cold Weather Revisions to Market Rule 1.
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10/26/10 Monitor Federal Energy Regulatory Commission notices, issuances and filings.
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10/27/10 Search FERC website for any issuances, notices or filings related to Vermont matters, discussion with Mr. Mertens regarding AP case and ROE issue.
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10/27/10 Monitor Federal Energy Regulatory Commission notices, issuances and filings.
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HARVEY REITER .30 hours at 365.00 per hour. 109.50

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JONATHAN P TROTTA .20 hours at 365.00 per hour. 73.00

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HARVEY REITER .20 hours at 365.00 per hour. 73.00

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Contract #17501

STATE OF VERMONT, DEPARTMENT OF PUBLIC SERVICE
FILE NUMBER: 773843-0001
INVOICE NO.: 9930780

10/29/10	Monitor Federal Energy Regulatory Commission notices, issuances and filings. JONATHAN P TROTTA .20 hours at 365.00 per hour.	73.00

TOTAL SERVICES	3225.50
TOTAL DISBURSEMENTS	0.00

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Contract #17501

10/29/10 Monitor Federal Energy Regulatory Commission notices, issuances and filings.
JONATHAN P TROTTA .20 hours at 365.00 per hour. 73.00

TOTAL SERVICES 3225.50

TOTAL DISBURSEMENTS 0.00

III

[redacted]

Commissioner's Office
103 South Main Street
Waterbury, Vermont 05671-0401

- MEMORANDUM -

To: Members of the Joint Fiscal Committee
House Committee on Corrections and Institutions
Senate Committee on Institutions
Senate Committee on Natural Resources and Energy
House Committee on Fish, Wildlife & Water Resources

From: Justin G. Johnson, Commissioner, Department of Environmental Conservation

Date: January 15, 2011

Subject: Vermont Drinking Water State Revolving Fund Annual Report

On behalf of the Agency of Natural Resources and the Vermont Economic Development Authority (VEDA), we are pleased to provide the attached report on the Vermont Drinking Water State Revolving Fund. This report was prepared by the Water Supply Division and submitted to the General Assembly pursuant to 24 V.S.A. §4774(b), which contains the following information:

- Project funding summary (Tables 1 and 2 – Program Funds Table and Funding Commitments Table as of September 30, 2010)
- Summary of the status and disposition of loan applications received by VEDA
- State of Vermont Intended Use Plan (IUP) for the Drinking Water State Revolving Fund, Federal Fiscal Year 2009, dated May 20, 2010 (56-page document)

Taken together, these documents provide information on available funding, funding commitments, and active projects with project-specific information to satisfy legislative requirements for the Vermont Drinking Water State Revolving Fund. Please contact Eric Blatt, Water Supply Division, (802) 241-3425, or Thomas Porter of VEDA at (802) 828-5627, if you have questions regarding this report or would like to receive additional copies.

cc: Mr. David Gibson, Secretary of the Senate
Mr. Donald Milne, Clerk of the House

[redacted]

[redacted]

AGENCY OF NATURAL RESOURCES

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

AND

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

ANNUAL REPORT

DRINKING WATER STATE REVOLVING FUND

January 2011

This report is submitted pursuant to 24 V.S.A. §4774(b), which requires the Agency of Natural Resources and Vermont Economic Development Authority (VEDA) to submit an annual report on the Drinking Water State Revolving Fund (DWSRF) to members of the Joint Fiscal Committee. Additionally, in accordance with past practice, the report is submitted to the House and Senate Committees on Institutions, Senate Committee on Natural Resources and Energy, and House Committee on Fish, Wildlife & Water Resources. The report includes three tables that summarize funds received by the program and the loan commitments capitalized with those funds. The DWSRF was established in 1997 with federal funds appropriated in federal fiscal year 1997 and state matching funds appropriated in state fiscal year 1998. Funding received for the loan program through September 30, 2010 is summarized below in Table 1.

Table 1 – Total Funds Received for the SRF Program through September 30, 2010

Funds Description	Federal Funds	State Match & Other State Funds	Total
FFY97 Grant	10,399,392	2,511,760	12,911,152
FFY98 Grant	5,505,827	1,424,260	6,930,087
FFY99 Grant	6,045,972	1,492,760	7,538,732
FFY00 Grant	6,241,580	1,551,400	7,792,980
FFY01 Grant	5,856,754	1,557,820	7,414,574
FFY02 Grant	6,264,100	1,610,500	7,874,600
FFY03 Grant	6,593,314	1,600,820	8,194,134
FFY04 Grant	6,391,744	1,660,620	8,052,364
FFY05 Grant	6,394,868	1,657,100	8,051,968
FFY06 Grant	6,129,679	1,645,860	7,775,539
FFY07 Grant	6,031,592	1,645,800	7,677,392
FFY08 Grant	5,925,927	1,629,200	7,555,127
FFY09 Grant (ARRA Funds) *	18,410,000	0	18,410,000
FFY09 Base Grant	5,969,892	1,629,200	7,599,092
Cumulative Investment Interest & Misc. Funds		1,670,289	1,670,289
Cumulative Principal Repayments		12,265,113	12,265,113
Cumulative Interest Earnings on Loans		1,938,772	1,938,772
Total	102,160,641	37,491,274	139,651,915

* ARRA – American Recovery and Reinvestment Act - Special one-time federal appropriation that did not require a state match.

Priority lists developed in accordance with Environmental Protection Agency approved procedures are used to identify projects to be funded. Table 2 summarizes funding commitments as of September 30, 2010 for both municipally owned and privately owned public water systems. The most recently adopted priority list is the FFY09 list, which is identified in Table 2 below as the "FFY09 Priority List (Base Grant)." The fundable projects in this most recently adopted list are described on pages 43 and 44 in the attached 2009 Intended Use Plan. We anticipate that most of these projects will proceed to construction in the spring/summer of 2011.

Table 2 - Funding Commitments as of September 30, 2010

FFY Priority List	Municipally Owned Systems	Privately Owned Systems	Total
FFY97 Priority List Projects	11,448,499	815,301	12,263,800
FFY98 Priority List Projects	3,709,665	1,323,050	5,032,715
FFY99 Priority List Projects	5,910,182	423,376	6,333,558
FFY00 Priority List Projects	7,051,431	934,331	7,985,762
FFY01 Priority List Projects	8,492,710	1,216,765	9,709,475
FFY02 Priority List Projects	7,631,628	1,505,873	9,137,501
FFY03 Priority List Projects	7,085,512	1,693,038	8,778,550
FFY04 Priority List Projects	8,726,842	2,366,820	11,093,662
FFY05 Priority List Projects	5,902,292	431,650	6,333,942
FFY06 Priority List Projects	9,479,567	514,958	9,994,525
FFY07 Priority List Projects	6,777,344	938,781	7,716,125
FFY08 Priority List Projects	10,029,886	979,703	11,009,589
FFY09 ARRA Priority List	16,396,797	2,013,203	18,410,000
FFY09 Priority List (Base Grant)	12,257,163	1,949,000	14,206,163
Total	120,899,518	17,105,849	138,005,367

Note: Funds not utilized for a given fiscal year's priority list are carried forward to succeeding priority lists.

A more detailed summary of loan applications processed through VEDA for privately owned water system improvement projects is provided in the attached table prepared by VEDA. Note that the attached VEDA summary identifies executed loan awards under the heading "Approved Amount," which totals $14,556,266, while Table 2 above includes both executed and pending loans, which total $17,105,849.

Looking ahead, the federal FY2010 DWSRF appropriation of $13,573,000 is available and can be applied for in full once the entire 20% state match of $2,714,600 is appropriated. These federal funds were available last year; however, the Vermont legislature opted instead to limit the state appropriation to a partial match to be used for planning loans. The balance needed to fully match the $13,573,000 is $2,515,253, which must be appropriated in the spring of 2011 to enable the state to receive the entire federal grant allocation. The deadline to apply for these funds is July 2011.

Additionally, the FFY2011 appropriation is anticipated to be available sometime in early calendar year 2011 and is currently projected at the same level of $13,573,000, which also requires a 20% state match of $2,714,600. The deadline to apply for the FFY2011 funds is July 2012. Based on the most recently adopted priority list, which includes approximately $44,500,000 worth of projects below the fundable line (see bottom of page 46 of the attached Intended Use Plan), it is anticipated that the demand for loans will continue to exceed the available funding.

These federal dollars are also used to fund other activities, which include capitalizing the Public Water System Planning Loan Program that enables drinking water projects to proceed with preliminary engineering and final design in preparation for construction (without this source of money, construction projects would be delayed); Water Supply Division operations; DWSRF Program administration, and a variety of technical assistance activities.

TO: Eric Blatt - Water Supply Division, Agency of Natural Resources, State of Vermont

FROM: David Carter - Chief Financial Officer, Vermont Economic Development Authority

RE: Status of Privately Owned Water System Loan Applications, Approvals and Loans as of November 08, 2010

DATE: November 9, 2010

Project Number	Date Approved	Date Closed	VEDA Loan Number	Borrower Name	Town	Approved Amount	Loan Amount	Current Balance	Date Last Payment	Loan Status
Loans Approved & Closed:										
1	01/05/10	01/27/10	17WGI11101	GEORGIA INDUSTRIAL DEV CORP	GEORGIA	$ 350,000	$ 350,000	$ 339,232	N/A	CURRENT
2	02/20/98	05/26/98	17WAC11101	ADDISON CTY COMMUNITY TRUST	STARKSBORO	$ 18,000	$ 18,000	$ 0	07/29/99	CLOSED
2	04/27/99	07/27/99	17WAC11102	ADDISON COUNTY COMMUNITY TRUST - HILLSIDE MANOR PROJECT	STARKSBORO	$ 262,000	$ 330,000	$ 237,346	10/27/10	CURRENT
2	06/12/03	11/20/03	17WAC11103	ADDISON COUNTY COMMUNITY TRUST-KTP BRISTOL PROJECT	BRISTOL	$ 200,000	$ 283,000	$ 202,986	11/04/10	CURRENT
2	09/27/04	11/15/04	DWSRLF39283	ADDISON COUNTY COMMUNITY TRUST--KTP MOBILE HOME PARK	BRISTOL	$ 83,000	ADD-ON (a)	N/A	N/A	CLOSED
2	10/06/09	11/20/09	17WAC11105	ADDISON COUNTY COMMUNITY TRUST - LINDALE	MIDDLEBURY	$ 26,576	$ 26,576	$ 0	N/A	CURRENT
2	10/06/09	11/20/09	17WAC11104	ADDISON COUNTY COMMUNITY TRUST - LINDALE	MIDDLEBURY	$ 573,424	$ 573,424	$ 419,556	N/A	CURRENT
3	06/15/00	08/10/00	17WBA11101	WINDHAM HOUSING TRUST, INC.	PUTNEY	$ 16,000	$ 16,000	$ 9,013	10/12/10	CURRENT
4	07/12/99	12/15/00	17WEM11101	EAST MOUNTAIN WATER CORP	MENDON	$ 50,000	$ 50,000	$ 0	12/15/00	CLOSED
5	03/24/99	09/24/98	17WHF11101	HOUSING FOUNDATION INC	HINESBURG	$ 10,000	$ 8,500	$ 0	04/27/99	CLOSED
5	01/27/99	04/27/99	17WHF11102	HOUSING FOUNDATION INC-MTN VIEW	HINESBURG	$ 218,073	$ 244,530	$ 170,493	10/15/10	CURRENT
5	06/25/99	09/30/99	17WHF11103	HOUSING FOUNDATION INC-WINDY HILL	SPRINGFIELD	$ 355,000	$ 473,324	$ 333,956	10/15/10	CURRENT
5	09/11/01	11/15/01	17WHF11105	HOUSING FOUNDATION INC - #1 BIRCHWOOD MANOR MOBILE HOME PARK	MILTON	$ 225,000	$ 225,000	$ 150,145	10/15/10	CURRENT
5	09/22/00	07/18/01	17WHF11104	HOUSING FOUNDATION INC RIVERSIDE	WOODSTOCK	$ 460,000	$ 460,000	$ 304,393	10/15/10	CURRENT
5	02/13/01	07/31/01	DWF14525	HOUSING FOUNDATION INC - WINDY HILL	SPRINGFIELD	$ 120,000	ADD-ON (a)	N/A	N/A	CLOSED
5	10/23/00	07/31/01	DWF52685	HOUSING FOUNDATION INC - HINESBURG	HINESBURG	$ 22,552	ADD-ON (a)	N/A	N/A	CLOSED
5	05/28/03	08/06/03	17WHF11106	HOUSING FOUNDATION INC - #2 BIRCHWOOD MANOR MOBILE HOME PARK	MILTON	$ 423,636	$ 474,071	$ 410,525	10/15/10	CURRENT
5	06/09/04	11/08/04	DWF539009	HOUSING FOUNDATION INC--BIRCHWOOD INCREASED	MILTON	$ 50,435	ADD-ON (a)	N/A	N/A	CLOSED
5	03/10/10	04/19/10	DWSRLF45678914	HOUSING FOUNDATION INC	DUMMERSTON	$ 9,800	ADD-ON (a)	N/A	N/A	CLOSED
6	10/14/98	12/02/98	17WHR11101	HO-GES REALTY INC	ROCKINGHAM	$ 38,500	$ 38,500	$ 24,417	10/07/10	CURRENT
7	03/25/99	08/06/99	17WMC11101	MORRISTOWN CORNERS WATER COOP	MORRISTOWN	$ 30,000	$ 13,518	$ 0	03/20/08	CLOSED
8	04/25/00	07/21/00	17WMH11101	MURRAY HILL HOME OWNERS ASSN	MONTPELIER	$ 120,000	$ 126,108	$ 99,701	10/25/10	CURRENT
8	03/07/05	03/01/05	DWF050728	MURRAY HILL HOME OWNERS ASSN	MONTPELIER	$ 6,108	ADD-ON (a)	N/A	N/A	CLOSED

Project Number	Date Approved	Date Closed	VEDA Loan Number	Borrower Name	Town	Approved Amount	Loan Amount	Current Balance	Date Last Payment	Loan Status
9	10/18/99	12/30/99	17WOT11101	OKEMO TRAILSIDE MASTER ASSASSOCIATION, INC., ALGONQUIN OWNERS ASSOCIATIOI	LUDLOW	$ 567,000	$ 567,000	$ 361,916	11/01/10	CURRENT
10	06/13/00	08/16/00	17WSV11101	STARKSBORO VILLAGE WATER COOP	STARKSBORO	$ 28,000	$ 14,657	$ 0	11/29/05	CLOSED
11	04/27/99	09/28/99	17WTC11101	THETFORD WATER COOPERATIVE, INC.	THETFORD	$ 90,000	$ 90,000	$ 45,512	10/28/10	CURRENT
12	07/11/05	01/13/06	17WTP11102	TRI-PARK COOP HOUSING CORPORATION	BRATTLEBORO	$ 237,700	$ 237,700	$ 0	01/20/09	CLOSED
12	04/30/99	06/24/99	17WTP11101	TRI-PARK COOPERATIVE HOUSING CORPORATION	BRATTLEBORO	$ 120,000	$ 120,000	$ 83,667	10/20/10	CURRENT
12	12/08/08	01/09/09	17WTP11103	TRI-PARK COOP HOUSING CORPORATION	BRATTLEBORO	$ 1,300,000	$ 1,300,000	$ 1,164,057	N/A	CURRENT
12	08/04/10	08/04/10	DWSRLF310777	TRI-PARK COOP HOUSING CORPORATION	BRATTLEBOR	$ 160,288	ADD-ON (a)	N/A	N/A	CLOSED
13	02/05/01	05/30/02	17WGH11104	GILMAN HOUSING TRUST, INC.--SHATTUCK HILL MHP	DERBY	$ 120,000	$ 120,000	$ 0	08/18/09	CLOSED
14	10/23/00	08/15/01	17WUW11101	UNION WATER COMPANY	THETFORD	$ 18,287	$ 18,287	$ 11,381	11/01/10	CURRENT
15	02/11/02	12/20/02	17WNB11101	NORTHBROOK CONDOMINIUM OWNERS' ASSOCIATION INC.	KILLINGTON	$ 85,000	$ 85,000	$ 8,170	10/25/10	CURRENT
16	06/27/08	07/30/08	17WAW11103	ARLINGTON WATER COMPANY	.INGTON & SUNDERL.	$ 680,000	$ 680,000	$ 659,698	10/13/10	CURRENT
16	02/05/02	06/05/02	17WAW11101	ARLINGTON WATER COMPANY	ARLINGTON	$ 680,000	$ 709,300	$ 505,530	10/13/10	CURRENT
16	01/31/03	02/06/03	17WAW11102	ARLINGTON WATER COMPANY	ARLINGTON	$ 29,300	ADD-ON (a)	N/A	N/A	CLOSED
17	11/15/07	12/05/07	DWSRLF02300	CUBB MANAGEMENT CORPORATION	BURKE	$ 3,720	ADD-ON (a)	N/A	N/A	CLOSED
17	11/15/07	12/05/07	DWSRLF929388A	CUBB MANAGEMENT CORPORATION	BURKE	$ 11,261	ADD-ON (a)	N/A	N/A	CLOSED
17	09/05/02	02/06/03	17WCP11102	CUBB MANAGEMENT CORPORATION ET AL	BURKE	$ 30,000	$ 33,720	$ 26,698	11/01/10	CURRENT
17	09/05/02	02/06/03	17WCP11101	CUBB MANAGEMENT CORPORATION ET AL	BURKE	$ 25,000	$ 36,261	$ 29,271	11/01/10	CURRENT
18	08/05/02	11/13/02	17WWO11101	WINTERGREEN OWNERS ASSOCIATION, INC.	PITTSFIELD	$ 31,860	$ 31,860	$ 7,523	10/28/10	CURRENT
19	08/20/09	09/25/09	17WMV11104	MANSFIELD VIEW WATER CORP.	STOWE	$ 31,040	$ 31,040	$ 31,040	N/A	CURRENT
19	06/19/02	10/23/02	17WMV11101	MANSFIELD VIEW WATER CORPORATION	STOWE	$ 65,000	$ 65,000	$ 41,441	11/01/10	CURRENT
19	08/20/09	09/25/09	17WMV11103	MANSFIELD VIEW WATER CORP.	STOWE	$ 169,714	$ 169,714	$ 169,417	N/A	CURRENT
20	06/13/02	08/08/02	17WAG11101	ALTA GARDEN ESTATES MHP, INC.	POWNAL	$ 52,200	$ 52,200	$ 38,750	11/01/10	PAST DUE
21	09/09/02	10/30/02	17WEA11101	EASTRIDGE ACRES HOMEOWNERS ASSOCIATION INC	MENDON	$ 85,000	$ 85,000	$ 62,392	10/26/10	CURRENT
22	07/23/03	09/30/03	17WAH11101	AHA WATER COOPERATIVE, INC.	MONTGOMERY	$ 576,440	$ 1,494,038	$ 1,397,914	10/22/10	CURRENT
22	06/21/06	06/26/06	DWSRLF8383	AHA WATER COOPERATIVE, INC.	MONTGOMERY	$ 917,598	ADD-ON (a)	N/A	N/A	CLOSED
23	04/13/04	07/28/04	17WCF11101	CADYS FALLS WATER COOPERATIVE, INC.	MORRISVILLE	$ 86,400	$ 86,400	$ 67,470	11/01/10	CURRENT
24	03/26/08	03/27/08	DWSRLF020300	GRANDVIEW ACRES WATER SYSTEM, INC.	RUTLAND	$ 129,300	ADD-ON (a)	N/A	N/A	CLOSED
24	11/29/04	02/03/06	17WGV11101	GRANDVIEW ACRES WATER SYSTEM, INC.	RUTLAND	$ 30,700	$ 160,000	$ 152,412	10/21/10	CURRENT
25	03/23/06	04/20/06	17WNB22202	NOTCH BROOK HOMEOWNERS ASSOCIATION, INC.	STOWE	$ 1,460,000	$ 1,460,000	$ 1,405,456	N/A	CURRENT
25	03/23/05	07/15/05	17WNB22201	NOTCH BROOK HOMEOWNERS ASSOCIATION, INC.	STOWE	$ 48,400	$ 48,400	$ 0	04/26/06	CLOSED
26	10/04/07	10/15/07	DWSRLF02093998	DAIRY CENTER ENTERPRISES	ENOSBURG	$ 21,337	ADD-ON (a)	N/A	N/A	CLOSED
26	11/10/08	11/10/08	DWSRLF92887	DAIRY CENTER ENTERPRISES	ENOSBURG	$ 18,840	ADD-ON (a)	N/A	N/A	CLOSED

Project Number	Date Approved	Date Closed	VEDA Loan Number	Borrower Name	Town	Approved Amount	Loan Amount	Current Balance	Date Last Payment	Loan Status
26	04/13/06	08/08/06	17WDC11101	LISE T. GATES, INC. D/B/A DAIRY CENTER ENTERPRISES AND LISE T. GATES	ENOSBURG	$ 16,540	$ 37,877	$ 286,656	N/A	CURRENT
26	08/03/09	08/06/09	DWSRLF1789	DAIRY CENTER ENTERPRISES	ENOSBURG	$ 293,283	ADD-ON (a)	N/A	N/A	CLOSED
27	02/06/08	03/05/08	17WFW11102	FAIRFAX HEIGHTS WATER COOPERATIVE	FAIRFAX	$ 220,000	$ 220,000	$ 216,357	11/01/10	CURRENT
28	08/29/07	12/12/07	17WJH11102	JERICHO HEIGHTS WATER COOPERATIVE, INC.	JERICHO	$ 48,922	$ 48,922	$ 43,057	11/05/10	CURRENT
29	03/09/07	11/02/07	17WTC22201	TIMBERLINE CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.	WARREN	$ 18,200	$ 18,200	$ 194,248	10/28/10	CURRENT
29	06/04/08	06/05/08	DWSRLF0293887	TIMBERLINE CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.	WARREN	$ 183,800	ADD-ON (a)	N/A	N/A	CLOSED
30	03/11/09	05/12/09	17WCB11101	CATAMOUNT BOLTON VALLEY WATER & SEWER, LLC	BOLTON	$ 148,940	$ 148,940	$ 127,314	11/01/10	CURRENT
30	11/17/06	08/11/06	DWSRLF373766	CATAMOUNT BOLTON WATER & SEWER, LLC	BOLTON	$ 11,828	ADD-ON (a)	N/A	N/A	CURRENT
31	01/13/10	01/26/10	17WTA11101	THETFORD ACADEMY	THETFORD	$ 129,799	$ 129,799	$ 54,374	N/A	CURRENT
	09/26/07	10/09/08	17WBG11101	BATTLEGROUND CONDOMINIUM OWNERS' ASSOCIATION, INC.	FAYSTON	$ 73,446	$ 73,446	$ 25,612	11/01/10	CURRENT
	03/17/08	06/18/08	17WBB11101	BURDICK, HARVEY & FRANK D/B/A BURDICK AND BURDICK MOBILE HOME PARK	POWNAL	$ 150,000	$ 150,000	$ 124,267	10/20/10	CURRENT
	10/20/08	10/21/08	DWSRLF2837566	OKEMO VILLAGE OWNERS ASSOCIATION, INC.	LUDLOW	$ 16,200	ADD-ON (a)	N/A	N/A	CLOSED
	04/07/10	07/28/10	17WOV1102	OKEMO VILLAGE OWNERS' ASSOCIATION, INC.	LUDLOW	$ 211,600	$ 211,600	$ 199,232	N/A	CURRENT
	10/05/09	12/07/09	17WRC11102	THE RED CEDAR SCHOOL, INC.	BRISTOL	$ 2,755	$ 2,755	$ 2,755	N/A	CURRENT
	10/05/09	12/07/09	17WRC11101	THE RED CEDAR SCHOOL, INC.	BRISTOL	$ 5,423	$ 5,423	$ 5,132	N/A	CURRENT
	04/28/09	09/22/09	17WSC11101	SUNTEC CONDOMINIUM OWNERS ASSOCIATION, INC.	WEST DOVER	$ 159,450	$ 159,450	$ 151,507	11/01/10	CURRENT
	02/18/10	06/19/10	17WRP11101	ROYAL PINE VILLA, INC. AND ROY, MARCEIN L. AND MARY ANN	POWNAL	$ 4,925	$ 4,925	$ 3,694	N/A	CURRENT
	03/31/10	04/02/10	DWSRLF456789	TARA TOWNHOUSE OWNERS ASSOCIATION, INC.	WEST DOVER	$ 113,195	ADD-ON (a)	N/A	N/A	CLOSED
	03/09/09	06/30/09	17WTT11101	TARA TOWNHOUSE OWNERS ASSOCIATION, INC.	WEST DOVER	$ 9,840	$ 9,840	$ 102,833	N/A	CURRENT
	03/15/10	08/24/10	17WPV11101	PICO VILLAGE WATER CORPORATION	KILLINGTON	$ 90,068	$ 90,068	$ 0	N/A	CURRENT
	08/05/09	09/09/09	17WWW11101	WHITING WATER CORPORATION	WHITING	$ 513,780	$ 513,780	$ 501,302	N/A	CURRENT
	12/16/09	01/26/10	17WBF11101	BRISTOL FAMILY CENTER	BRISTOL	$ 14,391	$ 14,391	$ 13,213	N/A	CURRENT
	11/16/09	12/17/09	17WVE11101	VERMONT ELKS CHARITIES, INC	RIPTON	$ 142,671	$ 142,671	$ 142,671	N/A	CURRENT
	11/10/09	01/25/10	17WOV22201	ORCHARD VALLEY WALDORF SCHOOL, INC	EAST MONTPELIER	$ 11,801	$ 11,801	$ 11,239	N/A	CURRENT
	01/08/10	02/02/10	17WGM11101	GREEN MOUNTAIN CAMP, INC	DUMMERSTON	$ 107,920	$ 107,920	$ 107,833	N/A	CURRENT
	03/05/10	05/13/10	17WMW11101	MOUNTAIN WATER COMPANY	WARREN	$ 290,000	$ 290,000	$ 0	N/A	CURRENT
TOTALS FOR LOANS APPROVED AND CLOSED						**$ 14,566,266**	**$ 13,797,936**	**$ 11,284,773**		

(a) "ADD-ON" indicates the approved amount was additional borrowing for an existing loan.

Applications Approved & Pending

NEW	10/27/10	N/A	DWSRLF	THETFORD WATER COOPERATIVE, INC	THETFORD	$ 409,394	N/A	N/A	N/A	APPLICATION
TOTALS FOR APPLICATIONS APPROVED AND PENDING						**$ 409,394**	**$ 0**	**$ 0**		

Project Number	Date Approved	Date Closed	VEDA Loan Number	Borrower Name	Town	Approved Amount	Loan Amount	Current Balance	Date Last Payment	Loan Status

Applications Withdrawn or Denied:

Project Number	Date Approved	Application Received	VEDA Loan Number	Borrower Name	Town	Requested Amount	Approved Amount	Current Balance	Date Last Payment	Loan Status
N/A	N/A	04/06/09	DWF505278	HOUSING FOUNDATION INC - (FERNWOOD MANOR MOBILE HOME PARK)	BOLTON	$ 181,500	$ -	N/A	N/A	WITHDRAWN
N/A	N/A	04/06/09	DWF5347	HOUSING FOUNDATION INC - (COBURN'S MOBILE HOME PARK)	CLARENDON	$ 62,500	$ -	N/A	N/A	WITHDRAWN
N/A	N/A	04/06/09	DWF5140	HOUSING FOUNDATION INC - (COOPER'S BAY MOBILE HOME PARK)	GRAND ISLE	$ 270,000	$ -	N/A	N/A	WITHDRAWN
N/A	11/25/98	09/14/98	DWF05011	RAVENWOOD ESTATES, INC.	BENNINGTON	$ 748,000	$ 74,800	N/A	N/A	WITHDRAWN
N/A	10/06/99	02/11/99	DWF05326	CHIMNEY HILL OWNERS ASSOCIATION	WILMINGTON	$ 550,000	$ 55,000	N/A	N/A	WITHDRAWN
N/A	07/14/98	07/14/98	DWF05332	ROLLING MEADOWS HOMEOWNERS ASSOC., INC.	NEWFANE	$ 10	$ -	N/A	N/A	DENIED
N/A	04/30/01	04/30/01	DWF58624	WESTON'S MOBILE HOME PARK	BERLIN	$ 1,547,000	$ 154,700	N/A	N/A	WITHDRAWN
N/A	N/A	09/25/01	DWF200000	BOLTON VALLEY WATER & SEWER CO., INC.	BOLTON	$ 2,000,000	$ -	N/A	N/A	WITHDRAWN
N/A	02/11/02	11/18/01	DWF72501	NORTHBROOK COUNTRY ESTATES WATER SYSTEM	KILLINGTON	$ 800,000	$ 80,000	N/A	N/A	WITHDRAWN
N/A	N/A	10/31/01	DWF05701	SPENCER WATER COMPANY	RUTLAND	$ -	$ -	N/A	N/A	WITHDRAWN
N/A	03/05/08	03/14/07	DWSRLF092938	WEST RIVER MONTESSORI SCHOOL, INC.	SO LONDONDERRY	$ 150,000	$ -	N/A	N/A	DENIED
N/A	N/A	02/14/08	DWSRLF0292938	OLD MILL MARKETPLACE HOMEOWNERS ASSOCIATION	BRIDGEWATER	$ 1,055,000	$ -	N/A	N/A	WITHDRAWN
N/A	N/A	06/16/08	DWSRLF0203888	GRAMMAR SCHOOL, INC. (THE)	PUTNEY	$ 325,000	$ -	N/A	N/A	WITHDRAWN
TOTALS FOR APPLICATIONS WITHDRAWN OR DENIED						$ 7,689,010	$ 364,500	$ 0		

State of Vermont

Intended Use Plan for the Drinking Water State Revolving Fund

Federal Fiscal Year 2009

Prepared By

Water Supply Division

Department of Environmental Conservation

May 20, 2010

Table of Contents

1. Introduction

The 1996 Amendments to the Safe Drinking Water Act (SDWA) established the Drinking Water State Revolving Fund (DWSRF). The State of Vermont's allotment for the DWSRF is $8,146,000 for Federal Fiscal Year (FFY) 2009. This money can be used for a wide variety of activities, including public water system infrastructure improvements, source water protection, and water system management enhancements.

The SDWA requires that each state prepare an Intended Use Plan (IUP) each fiscal year that details how the DWSRF money will be used. Once the IUP has undergone public comment, it is submitted along with other supporting documents to the regional United States Environmental Protection Agency (EPA) office. These various documents comprise the capitalization grant request for the DWSRF. While a wide variety of state agencies are involved in the process, the Water Supply Division (WSD) of the Department of Environmental Conservation (DEC) is responsible for preparing and submitting all of these documents. The WSD is also responsible for the implementation of the various policies and procedures that are followed as part of the DWSRF, including the assurances and certifications contained in the capitalization grant request.

This intended use plan is for FFY 09 federal funding of $8,146,000, a state match of $1,629,200, and available loan repayment and fund interest. Information is also provided on prior years' funds and progress in meeting short- and long-term goals in the biennial report.

2. Short and Long Term Goals

2.1. *Short Term Goals and Objectives*

1. Secure the State's thirteenth capitalization grant to finance improvements for public water systems.
2. Administer a DWSRF program for projects that have been determined to be the highest priority to address contamination issues that pose the most serious risk to human health.
3. Provide loans to assist eligible public water systems listed in the IUP and priority list for projects to ensure compliance with the SDWA requirements and maintain and/or improve drinking water quality.
4. Provide loans to municipally owned and privately owned non-profit water systems with populations of fewer than 10,000 for conducting feasibility studies, preliminary engineering and final designs for water system improvements.
5. Provide loans to municipalities for purchasing land or conservation easements in order to protect public water sources and ensure compliance with drinking water regulations.
6. Promote capacity development by completing infrastructure improvement plans for small community water systems and schools through contracts.
7. Actively promote and pursue funding for all eligible systems, especially systems serving disadvantaged communities and systems with populations of fewer than 10,000 (small systems) that do not have adequate technical, managerial, or financial resources to come into or maintain compliance, and to provide safe drinking water.
8. Ensure that at least 15% of the DWSRF Project Fund Account provides loan assistance to small systems on an annual basis.
9. Continue the Vermont Source Water Protection Program.
10. Provide effective program management and resources to ensure the integrity of the DWSRF.
11. Coordinate DWSRF activities with enforcement activities of the State and EPA.
12. Continue implementation of the statewide strategy to improve capacity for existing public water systems and assure capacity for new public water systems.
13. Use DWSRF set-aside funding to provide the additional resources required to manage the Vermont Drinking Water Program.
14. Continue programs to encourage participation of small water systems in the loan program.
15. Integrate Green Infrastructure funding into the DWSRF Program in accordance with federal guidelines.

2.2. *Long Term Goals and Objectives*

1. Through effective management, provide a self-sustaining funding program that will assist public water systems in achieving compliance with the SDWA, maintaining the public health objectives of the SDWA, and ensuring the public has safe drinking water.
2. Maintain the fiscal integrity of the Drinking Water State Revolving Fund (DWSRF) and comply with generally accepted government accounting standards to assure continuance of loan funds for future generations.
3. Provide funding assistance to eligible public water systems for eligible projects associated with the improvement and maintenance of water treatment, storage and

distribution facilities, and for consolidation or interconnection of water systems to improve service or develop capacity.

4. Use set-asides to improve source water protection and assessment efforts by providing technical and financial assistance.
5. Continue to update, develop, and implement administrative rules and guidance for carrying out the DWSRF program.
6. Continue to update, develop, and implement the capacity development strategy for existing systems.

3. Public Participation

The Water Supply Division recognizes that public participation and the persistent cultivation of stakeholder interests is an integral element in the development of an effective program. The public participation component in the development of this IUP is a continuation of previous comprehensive efforts. Public meeting locations are handicapped accessible. The WSD will continue to cultivate and encourage public participation in the development of the IUP. In brief, the procedure for public participation in the development of this IUP included the following notifications and meetings. Copies of the public participation documents are in Section 8.

3.1. Notification of Application Form Availability

Initial notification for the 2009 Projects Priority List (PPL) was made in conjunction with the American Recovery and Reinvestment Act of 2009 (ARRA-09) in late winter 2009. We informed the public that inclusion in the ARRA-09 PPL would guarantee placement on the base DWSRF 2009 PPL. In November 2009, approximately 950 Vermont water systems, consultants, and other stakeholders were notified by postcard (see Section 8.1) of the upcoming public meeting and the deadline to file a PPL application. The notice included information on how to access the application form on the Water Supply Division website. The application form and attached instructions state that information provided by applicants will be used to make preliminary determinations on project eligibility; project priority; water system financial, administrative, and technical capacity; and to determine loan lending rates consistent with federal and state legislation. Completed PPL applications were due by December 18, 2009. Those systems that had applied for and were on the ARRA-09 PPL were informed that it was not necessary to reapply. WSD staff contacted those systems on the ARRA-09 PPL that had not received ARRA funding to verify continued intent to be included in the base 2009 PPL and to update project information.

The public notice also informed applicants that the public meeting would be conducted by the WSD in order to obtain public comment on the PPL and all other elements of the IUP.

3.2. Direct Contacts

Throughout the year WSD staff and the project specialist from Vermont Rural Water Association (who is funded by a DWSRF set-aside) made contact with the most needy and high priority water systems to encourage them to apply to be included in the PPL. Contacts were made via on-site visits and by phone. Additionally, water systems are routinely directed to the DWSRF by other WSD staff, such as staff conducting sanitary surveys.

3.3. Public Meeting Notices

In January 2010, an email notice and draft PPL was sent to all systems that had applied and their consultants. All applicants were asked to look over the information in the PPL and were encouraged to attend the IUP meeting. The meeting notice was also posted on the WSD website.

3.4. Public Meeting

A public meeting was held as noticed on January 25, 2010 at 1:00 p.m. in the Waterbury State Office Complex Summit Learning Center, Hazen's Notch Conference Room.

3.5. WSD Website Posting

The draft IUP, which includes the draft PPL, was posted on the WSD website prior to the public meeting. This final IUP will also be posted on the Division's website when it is submitted to EPA with the FFY09 DWSRF capitalization grant application.

4. Financial Matters

4.1. State Match Provisions

Under the provisions of the Safe Drinking Water Act Amendments of 1996 (Section 1452(e)), each State is required to deposit in the DWSRF an amount equal to at least 20% of the total amount of the capitalization grant. This amount must be deposited on the date of, or before, receiving federal payments under the capitalization grant agreements. The State of Vermont's Capitalization Grant request for FFY 09 is $8,146,000; therefore, the amount of state match funds required is $1,629,200. The state match will come from funds appropriated through the Vermont State Capital Appropriations Bill for State Fiscal Year 2011..

An additional one-to-one state match is also necessary for the State Program Management Set-aside. This match can be an in-kind match for money spent on PWSS work in FFY93 and FFY09 in excess of the required PWSS match. No more than 50% of the in-kind match can come from the FFY93 money. The State of Vermont has determined that $693,814 of excess state match was spent on PWSS programs during FFY09. Additionally, $519,208 of FFY93 state match funds have been previously approved by EPA as eligible to use towards the one-to-one state match for the Program Management Set-aside. The total credited match is therefore $1,213,022 for the state program management set-aside. The State received authorization for $975,000 in ARRA 2009 Program Management Set-Aside funds; however, it has since filed a grant amendment to reduce that amount to $200,000. This IUP will use $770,635 of base 2009 Program Management funds (or 9.45% vs. the maximum allowed 10%), reserving the authority to use the balance of $43,965 from future grants. The State of Vermont will submit documentation to EPA with the 2009 DWSRF Capitalization Grant application on the state match funds based on PWSS FFY93 and FFY09 expenditures.

The State of Vermont identified $939,913 of eligible in-kind match money based on FFY 93 and excess FFY 08 expenditures for PWSS work in documentation submitted to EPA on July 6, 2009. EPA Region I concurrence with the in-kind match for the FFY 08 Program Management Set-Aside was issued July 17, 2009.

4.2. Funding Breakdown

The State of Vermont will have a total of $9,775,200 in new funds for the FFY 09 DWSRF Program. This includes $8,146,000 in federal funds and $1,629,200 in state match money. This amount is divided between set-aside activities and loans for water system facility improvements. Additionally, revolving fund interest earnings, loan repayments and uncommitted prior year revolving loan funds will be used to fund construction projects on the 2009 PPL.

4.2.1. Set-asides

The State of Vermont does not intend to take the full amount of set-asides allowed for in the DWSRF Federal Guidance. If all the set-asides were maximized, they would consume approximately $2.53 million of the $8.15 million. Instead, the State is proposing to use $2.18 million of the DWSRF for set-aside activities, which is approximately 27% of the $8.15 million or 22% of the $9,775,200. This will allow the State to fund a larger number of high priority infrastructure related projects. The set-aside activities are described in Section 6 of this IUP.

4.2.2. Facility Improvement Loans

The State is proposing to spend $14,206,163 for construction projects. This amount includes $7,599,092 of new federal and state funds and $6,607,071 of carryover of prior year funds interest, repayments, and miscellaneous income. The 2009 DWSRF PPL (Section 9) identifies Anticipated Loan Recipients' projects with a total estimated cost of $14,206,163, which is sufficient to provide loans to the top 25 projects on the list. If more loan funds become available, additional projects will be funded from the Comprehensive List (CL) consistent with existing bypass procedures.

4.3. Payment Schedule

EPA requires a payment schedule for planning the obligation of federal funds. A federal payment is defined as an increase to the ceiling in the Automated Standard Application for Payment System (ASAP).

Each payment is for the beginning of each quarter with planned commitments to be made through the end of that quarter. Except for the set-aside payments taken the first quarter, each payment must be obligated within one year of the payment date, in accordance with the Safe Drinking Water Act Amendments of 1996.

	Federal Fiscal Year		
Payment No.	**Quarter**	**Date**	**Amount**
1	2010-4	7/1/10 – 9/30/10	$2,220,073
2	2011-1	10/1/10 – 12/31/10	$1,000,000
3	2011-2	1/1/11 – 3/31/11	$1,000,000
4	2011-3	4/1/11 – 6/30/11	$3,925,927
Total			**$8,146,000**

4.4. DWSRF Disbursement Schedule

EPA requires an estimated disbursement schedule for planning the disbursement of federal funds. Below is the schedule for the new funding of $8,146,000.

Disbursement Quarter	Amount
1QFFY2011	154,274
2QFFY2011	428,373
3QFFY2011	877,874
4QFFY2011	1,470,077
1QFFY2012	1,917,034
2QFFY2012	1,943,573
3QFFY2012	653,603
4QFFY2012	293,139
1QFFY2013	136,018
2QFFY2013	136,018
3QFFY2013	136,017
Total	$8,146,000

4.5. Criteria and Method for Distributing Funds for Improvement Projects

A list of projects requiring loans is maintained by the Water Supply Division and updated annually. This list plus additional information submitted by water systems was used to develop a new PPL consisting projects requesting loans from FFY09 funds (Section 9) using the project priority system described in Section 5.

Projects with a total cost that does not exceed the estimated funds available for the Priority List during this funding cycle are those projects designated with either a 'C', which denotes that a project is continuing from a prior year's priority list or 'F', denoting a new project for which funding is available. These fundable projects are also referred to as Anticipated Loan Recipients (ALR). Available funds will be used for the first 25 projects on the list. Projects that are not ALR will be funded in priority order if funds become available during the funding cycle through the bypass procedure described in the Priority System section (Section 5.3.7) or with additional loan repayments and fund income received and carryover funds available, if any, resulting from loan closeouts of prior years' projects. Projects that are ready to proceed but are not in the fundable range should notify the WSD in writing prior to the September 30, 2011 deadline. The ALRs are those projects with the highest ranking that comply with the following:

- As required in federal legislation, a minimum of 15% of the capitalization grant funds must be used for projects serving communities with populations of less than 10,000 persons ($1,221,900). All ALRs on the adopted PPL serve less than 10,000 people and therefore meet the federal definition of a small water system.
- As required in Vermont legislation, funds for private water systems cannot exceed 20% of the available funds ($2,841,233). There are nine private water systems that are ARL, which total $1,968,000.

- As required in federal legislation, subsidies for disadvantaged communities cannot exceed 30% of the federal capitalization grant ($2,443,800 for FFY 09). The total subsidy for the list of ALRs is $1,362,934 for disadvantaged community projects.

State legislation provides specific guidance on loan interest rates and terms. The rates established for different types of loans in accordance with State and Federal requirements are outlined under the Program Description (Section 10). In addition, a preliminary loan rate determination has been made for each of the fundable projects on the List.

4.6. Disadvantaged System

The State of Vermont recognizes the need to provide additional assistance to certain water systems beyond what the standard DWSRF construction loan program offers. The disadvantaged system program is intended to provide longer loan terms and principal forgiveness to water systems that have relatively low income and relatively high water user costs. Unlike the standard loan program, certain disadvantaged systems are eligible for debt forgiveness as a means of making a water improvement project more affordable.

4.6.1. Community Water System Disadvantaged Program

A community water system is considered disadvantaged when certain conditions are satisfied. First, the municipality in which the water system is located or the users of the water system must have a median household income (MHI) below the average of the community median household incomes of the state. Second, the water system must have an annual household water user cost greater than 1.0 percent of the median household income after construction of the proposed water supply improvements, or, if the MHI is at or above the state average of community MHIs, the water system must have an annual household water user cost greater than 2.5 percent of the median household income after construction of the proposed water supply improvements. The median household income of the system will either be taken from the most recent federal census data for the municipality or be determined from the area served by the water system based upon the data gathered by an independent contractor hired by the applicant water system. The water system has the option of choosing which method is used to determine the median household income although the Secretary shall make the final determination. The cost of the independent contractor may be included in the total project cost. The user cost of the water system shall take into account the monies needed to cover this project cost, prior drinking water projects, and the estimated annual operation and maintenance costs as determined by the Secretary. Disadvantaged municipally-owned water systems and privately-owned nonprofit community water systems that have an MHI below the state average are eligible to receive assistance in the form of principal forgiveness.

Projects will be ranked using the priority system. Based on preliminary information, estimated subsidies from the Disadvantaged System Program are included on the priority list. Disadvantaged systems are eligible to receive loans up to 30 years in length and receive interest rates of no more than plus three (+3) percent but not less than minus three (-3) percent. The interest rate cannot be less than that necessary to achieve the target annual household user cost of 1.0 percent of the median household income of the municipality in which the water system is located or of the users of the water system. To achieve the target annual household user cost, a mixture of debt forgiveness, standard DWSRF loan rates, and extended loan terms will be offered. First, disadvantaged systems will have the loan extended from 20 to 30 years provided that the funded project elements have a design life of at least the length of the loan term. If this action doesn't achieve the target annual household user cost, the interest rate will be incrementally reduced from plus three (+3) percent to zero (0) percent for systems that have an MHI at or above the state average to minus three (-3) percent for systems that have an MHI below the state average to achieve the target rate, except for privately-owned nonprofit community systems that serve fewer than 80% year-round residential connections. For these systems, the interest rate cannot go below zero. If a disadvantaged system's user cost still exceeds the target annual household user cost after receiving the maximum debt forgiveness, no additional loan subsidy will be granted. The provision for systems qualifying with fewer than 80% year-round residents as disadvantaged, sunsets June 30, 2011.

The application of the disadvantaged system program will be based on the best available information when the Department of Environmental Conservation approves the loan application. All other subsidies obtained from other institutions that will reduce the project and user cost shall be considered when calculating whether a system is disadvantaged or not. The value of principal forgiveness for all loans cannot exceed 30 percent of the amount of the capitalization grant in any given year. If the full amount of principal forgiveness is met in any given year, any remaining projects eligible for the program subsidy can either receive standard project loans for that funding year or delay the project so they may avail themselves of disadvantaged program funding in the future. The Secretary shall make the determination whether to defer the project based on public health and other factors.

4.6.2. School Water System Disadvantaged Program

Public funding for schools in Vermont is controlled by the State to ensure that all Vermont children have equal access to resources for education through high school. The complicated system of state wide property tax, property tax rebates and local school district property tax sharing requirements make all municipally owned school water systems equally disadvantaged and discouraged from making needed water system improvements. All municipally owned public school water systems are eligible for loan principal forgiveness under the disadvantaged program.

Projects are ranked in accordance with the priority system. Loans for water system improvements to schools have a maximum term of 20 years and an interest rate of 3%. To make school system water projects more affordable, up to $25,000 of the principal of a construction loan may be forgiven when the following conditions are met:

1) The system demonstrates capacity;
2) The system is in compliance with the Vermont Water Supply Rule including any temporary operating permit or other compliance schedule;
3) A Department of Environmental Conservation construction permit has been obtained and all conditions of the construction permit satisfied;
4) Competitive procurement procedures in accordance with ANR requirements were followed; and
5) A Professional Engineer or ANR staff has verified the completed work.

More detailed guidance on eligibility and procedures is provided in a Water Supply Division Guidance Document. The standard ANR procedures for obtaining a loan must be followed and the system will not be eligible for principal forgiveness if the 30% limit on loan subsidies has been utilized by projects higher on the priority list.

4.7. Financial Status of Drinking Water State Revolving Fund

As part of the Intended Use Plan, states must report on the financial status of their DWSRF. The first capitalization grant was awarded September 30, 1997 and the projected status of the fund at 7/1/2010, excluding ARRA 2009, is as follows:

Projected Loans Status at 7/1/2010 (Excludes 2009 ARRA Funds)	
Net Loan Awards/Amendments at 7/1/09 (212 total projects)	$90,995,147
Funds Status at 7/1/09	
Federal Funds (All Federal Funds thru FFY08 Cap Grant)	$11,522,495
State Match (All State Match Funds thru FFY08 Grant)	$3,340,852
Fund Interest (at 7/1/09)	$1,208,877
Loan Repayments & Miscellaneous (at 7/1/09)	$2,781,851
Fund Income During SFY10 (interest and loan repayments)	$3,029,955
Subtotal Available Loan Funds 7/1/09 to 6/30/10	**$21,884,030**
Loan Awards 7/1/09 thru 3/1/10	$3,676,013
Pending Loan Awards at 3/1/10	$4,577,810
Projected Loan Awards (Complete prior years' PPLs)	$6,519,544
Subtotal Prior Year's Loan Awards (actual + projected)	**$14,773,367**
Projected Carryover for FFY09 Projects and Contingency	$7,110,663
Less Contingency for Active projects	$503,592
Funds Available for FFY09 Projects	
Project Funds from FFY09 Cap Grant (available ~ 9/1/10)	$5,969,892
State Match to FFY09 Cap Grant	$1,629,200
Carryover Funds	$6,607,071
Total Funds Projected Available For FFY09 Projects	**$14,206,163**

Note: Pending and Projected amounts are subject to change.

Actual and Anticipated Fund Commitments by Priority List	
FFY 1997 Priority List	$12,263,800
FFY 1998 Priority List	$5,032,715
FFY 1999 Priority List	$6,333,558
FFY 2000 Priority List	$7,985,762
FFY 2001 Priority List	$9,709,475
FFY 2002 Priority List	$9,164,579
FFY 2003 Priority List	$8,915,326
FFY 2004 Priority List	$10,875,412
FFY 2005 Priority List	$6,324,928
FFY 2006 Priority List	$9,995,256
FFY 2007 Priority List	$7,890,311
FFY 2008 Priority List	$11,277,392
Total Fund Commitments	**$105,768,514**

Admin Fee Account	
Fund Balance 7/1/09	$497,613
Fees Projected 7/1/09 thru 6/30/2010	$300,000
Fund Balance Projected at 7/1/10	$799,613

Total Loan Program Funds Projected at 7/1/10 – Excludes ARRA 2009 Funds (Obligated + Unobligated)			
	Federal	**State**	**Total**
FFY 97 CAP Grant	$10,399,392	$2,511,760	$12,911,152
FFY 98 CAP Grant	$5,505,827	$1,424,260	$6,930,087
FFY 99 CAP Grant	$6,045,972	$1,492,760	$7,538,732
FFY 00 CAP Grant	$6,241,580	$1,551,400	$7,792,980
FFY 01 CAP Grant	$5,856,754	$1,557,820	$7,414,574
FFY 02 CAP Grant	$6,264,100	$1,610,500	$7,874,600
FFY 03 CAP Grant	$6,593,314	$1,600,820	$8,194,134
FFY 04 CAP Grant	$6,391,744	$1,660,620	$8,052,364
FFY 05 CAP Grant	$6,394,868	$1,657,100	$8,051,968
FFY 06 CAP Grant	$6,129,679	$1,645,860	$7,775,539
FFY 07 CAP Grant	$6,031,592	$1,645,800	$7,677,392
FFY 08 Cap Grant	$5,925,927	$1,629,200	$7,555,127
Subtotals	$77,780,749	$19,987,900	$97,768,649
Cumulative Interest Earnings Projected at 7/1/10			$3,512,807
Cumulative Loan Repayments Projected at 7/1/10			$11,597,698
Miscellaneous Income Projected at 7/1/10			$23
Total Funds for Projects at 7/1/10			**$112,879,177**
Admin Fees Account Projected at 7/1/10			799,613
Total Funds			**$113,678,790**

If loan repayments and fund interest earned during this funding cycle exceeds the amount currently projected, additional projects on the FFY 09 PPL will be funded. Additional information on funding will be included in our biennial report.

See Appendix 4 for a list of fund commitments as of May 1, 2010 for all pending loan approvals for prior years' projects.

4.8. DWSRF and CWSRF Transfer

The Safe Drinking Water Act Amendments of 1996 (Section 303) allow a state to transfer up to 33% of the DWSRF capitalization grant from the DWSRF to the Clean Water State Revolving Fund (CWSRF) or an equivalent amount from the CWSRF to the DWSRF. This transfer is at the Governor's discretion. Vermont does not intend to transfer any money between these funds, although the right is reserved to do so at a later date.

5. Priority Ranking System

The State of Vermont will use a point system to prioritize the order in which eligible water supply projects that are ready to proceed will be financed. To be eligible, projects must maintain or facilitate compliance with the drinking water regulations or further the protection of public health. The projects must also be needed and the proposed type, size and estimated cost of the project must be suitable for its intended purpose. Additionally, the water system must have or will have the technical, financial and managerial capability to operate the system in compliance with federal and state law and the system must not or will not be in significant noncompliance with the regulations. Projects on the list should anticipate needing the estimated funding during the next year. Projects will be phased if appropriate. Projects for final design are expected to submit a loan application together with a draft engineering services agreement prior to October 1st of the following year. Projects requesting construction funds are expected to advertise for bids prior to the October 1st deadline.

Priority in funding will be given to projects that address the most serious risk to human health, are necessary to ensure compliance with the requirements of the Safe Drinking Water Act (SDWA) and the Vermont Water Supply Rule (WSR), and assist systems most in need according to State affordability criteria. Examples of projects that might meet these goals include repairing or replacing aged infrastructure (e.g., install or replace/upgrade treatment, storage, or transmission facilities), water system restructuring such as consolidation of systems, or management changes to ensure technical, managerial, and financial capabilities of the water utility. Projects not eligible include operation and maintenance costs, future growth, fire protection, and laboratory fees for monitoring.

Municipal projects to purchase land or conservation easements for the purpose of protecting public drinking water supplies and planning projects are also prioritized using this system. Separate priority lists will be maintained for each of the loan types.

5.1. Priority Ranking System Scoring Criteria

There are seven criteria used to prioritize projects. The criteria used will be determined based on the loan fund used to fund the project. Criteria one through five and seven (Section 5.1.1 through Section 5.1.5 and 5.1.7) will be used for the Revolving Loan Construction Fund and Planning Loan Fund and criteria 3 through 6 (Section 5.1.3 through Section 5.1.6) for the Source Protection Loan Fund.

The priority ranking system scores projects based on information submitted by water systems and from information in the WSD files. The seven criteria are:

1. System facility deficiencies to be corrected by the project (a weighting factor of 1.2 is applied for eligible schools and childcare facilities).
2. Physical consolidation of water systems.
3. Financial need/affordability.
4. Population.
5. Downtown center preference.
6. Source protection (only applies to Source Protection Loans funded thru the LASRF).
7. Security improvements.

Priority points assigned to projects are computed in the manner described below. Projects to extend existing water systems or develop new water systems to replace contaminated non-public water sources are assigned points based on documented information on water facilities serving a majority of the homes to be served. Points for such projects are only awarded for System Facility Deficiencies (Criteria 1, Section 5.1.1) and must satisfy the EPA requirement of addressing significant threats to public health.

5.1.1. System Facility Deficiencies

The points assigned to each required improvement reflect the relative public health risk and compliance concern of the deficiency being corrected. Points are awarded for the deficiency corrected by the project that addresses the highest health risk and compliance concern, and represents a significant portion of the total project cost. The Secretary may phase projects for priority scoring purposes when more than one deficiency is being corrected, the associated costs of correcting each deficiency is significant, and the relative public health risk and compliance concern of the deficiencies are significantly different. A weighting factor of 1.2 will be applied to the system facility deficiency category for qualifying schools and childcare facilities, because the people served by these types of facilities are considered to be at higher risk. Priority points are awarded for the following deficiencies:

	Deficiencies	Points	Description
A	Microbiological Contaminated Source	120	Project will replace a documented contaminated source.
B	Contaminants above MCL	120	Project will correct a deficiency resulting in water being delivered to consumers exceeding an MCL. This project may be a new source, replacement of contaminated equipment, piping, or treatment.
C	Unapproved source of water	110	Water system is routinely using a non Water Supply Division permitted water source that requires a boil water or do not drink advisory. The project may include a new source or approval of the existing unapproved source.
D	Action level above DOH and DEC established levels of concern for eight chemicals (benzene; carbon tetrachloride; vinyl chloride; dibromochloropropane (DBCP); 1,2 dichloroethane; 1,2 dichloropropane; hexachlorobenzene, and tetrachloroethylene)	100	Points will also be awarded for other chemicals when DOH expresses a similar level of concern. Project may include new source, treatment or removal of contamination source.

	Deficiencies	Points	Description
E	Inadequate filtration performance	100	Documentation of inadequate performance should be available. This deficiency applies to filtration to control microbiological contamination or treatment to reduce an MCL contaminant. Inadequate filtration or other equipment to control secondary contaminants does not meet this criterion.
F	No treatment under influence of surface water	95	These points are awarded in those instances when a source has not been determined to be microbiologically contaminated; a) applies in those cases.
G	Inadequate chlorination or disinfection facilities	95	These points would be awarded to projects where water systems are required to continuously disinfect and maintain chlorine contact time. A project to provide equipment, controls or storage for the contact time could receive these points.
H	Daily or routine water shortages	95	These shortages should require either water conservation measures by customers, water hauling or use of an emergency source.
I	Lack of standby disinfection facilities	90	These points could be awarded for all community and non-transient non-community (NTNC) water systems without these facilities.
J	Finished storage vulnerable to contamination	90	These points could be awarded to correct a deficiency such as a reservoir with a leaking roof or within a building that is not insect or rodent proof.
K	Lead and Copper corrosion control	80	These points may be awarded for treatment systems needed to correct lead and copper corrosion control problems.
L	Contamination below MCL	80	These points may be awarded if the project is being undertaken to treat or eliminate contamination of a regulated contaminant below an MCL.

	Deficiencies	Points	Description
M	Seasonal water shortages	70	These points may be awarded if a water system experiences water shortages seasonally requiring hauling or water conservation measures. Improvements may include new source, increases in pump sizes or mains or treatment facilities, or replacement of leaking water mains.
N	Routine pressure below 20 psi in distribution system	70	Points may be awarded if pressure falls below 20 psi regularly on a weekly basis. Project may include storage, pumping, source, distribution or transmission facilities.
O	Source vulnerable to PSOCs	60	Points will be awarded if project is being undertaken to eliminate potential sources of contamination of a water source.
P	Pressure under 20 psi during fire flow	60	Points may be awarded if pressures will drop below 20 psi in the distribution system during system expected fire flows. Project may involve storage, transmission, pumping or distribution facilities.
Q	Redundancy of critical components	50	Points may be awarded if project will provide redundant facilities such as pumps, sources, storage or treatment facilities.
R	Iron, manganese, and other secondary contaminants	50	Points may be awarded if project will eliminate or minimize secondary contaminant problems. Project may involve replacement of piping, treatment facilities or new source.
S	Inadequate finished storage construction	50	Points may be awarded to replace or repair storage facilities. Routine operation and maintenance costs are not eligible.
T	Inadequate transmission main	40	Points may be awarded to repair or replace transmission mains. Routine operation and maintenance costs are not eligible.
U	Inadequate finished storage capacity	40	Points may be awarded to provide additional storage capacity.

	Deficiencies	Points	Description
V	Inadequate pumping facilities	30	Points may be awarded to replace or repair pumping facilities. Routine operation and maintenance costs are not eligible.
W	Lack of reserve capacity	30	Points may be awarded to provide system reserve capacity recommended by the Water Supply Rule. Project may include source, pumping, transmission mains or treatment facilities.
X	Inadequate cross-connection control	30	Points may be awarded to correct existing or potential cross-connection problems.
Y	Inadequate distribution facilities	20	Points may be awarded to replace or repair distribution facilities. Routine operation and maintenance costs are not eligible.
z	Inadequate backwash	20	Points may be awarded to correct inadequate back wash facilities. Projects may include pumping, storage, and backwash disposal facilities.
aa	Routine distribution pressure below 35 psi	20	Points may be awarded if project will correct distribution system pressures below 35 psi. Project may include pumping, storage, or distribution facilities.

5.1.2. Physical Consolidation of Water Systems

The physical consolidation of small water systems is a major factor in the capability of small systems to protect public health and comply with Safe Drinking Water Act regulations. The following points will be awarded to projects that consolidate systems. Higher points are awarded to projects that will have a greater positive impact on compliance and protecting public health. Points are awarded for only one of the four sub-criteria. Points for this criterion are not awarded for projects primarily intended to extend existing or create new water systems.

Description (points received for 1 of the 4 areas only)	Priority Points
Consolidation of interconnection of community system lacking capacity	20
Consolidation or interconnection of community system	15
Consolidation or interconnection of NTNC systems	10
Consolidation of interconnection of TNC systems	5

5.1.3. Financial Need/Affordability

Affordability only considers income because it is the most fundamental predictor of a household's ability to pay and is represented by the median community household income statistic. Affordability is based on a comparison of state community median household income (SCMI) to the median household income (MHI) of the water system or of the town(s) in which the system exists. The SCMI figure is $50,524 based on the 2000 federal census and inflated 4% per year beginning with the FFY 03 projects priority list. For water systems that encompass more than one town, the MHI is based on the weighted number of household connections in each town if the MHI is to be based on town figures. The formula for affordability involves first dividing the community water system MHI by the SCMI ($50,524), and then multiplying this figure by one hundred (100) to yield a percentage. Different percentage brackets are then assigned points. Points for this criterion are not awarded for projects primarily intended to extend existing or create new water systems.

Affordability (Community MHI/SCMI x 100 = X)	Priority Points
X < 60	35
60 < X < 70	25
70 < X < 80	15
80 < X < 90	10
90 < X < 100	5
100 < X < 120	2
X > 120	0

5.1.4. Population Criteria

Priority points will be assigned to the system based on population. Small systems are generally at a disadvantage because of economies of scale (affects ability to do physical improvements, improve system capacity, etc.); projects for small systems have a greater impact on protecting public health and compliance with regulatory requirements than projects for larger systems.

Population	Priority Points
25 to 100	20
100 to 200	15
200 to 300	10
300 to 500	5
500 to 3300	3
> 3300	0

The point values for population will be multiplied by a factor of 3 for the set-aside planning loan fund to give higher priority to small systems. Population used for assigning points will be total population served including seasonal population. Populations for unserved areas will be total estimated population of the geographical area to be served. Points for this criterion are not awarded for projects primarily intended to extend existing or create new water systems.

5.1.5. Downtown Area Preference

The points assigned for this factor will give minimal priority to projects that improve service to designated downtown areas.

Downtown Area Preference	Priority Points
Project improves service to a designated downtown area	5

5.1.6. Source Protection Loan – Land Purchase or Conservation Easement

Sources must have an approved hydrogeologically delineated Source Protection Area and an approved Source Protection Plan prior to loan approval.

a. Land location points are not additive. Points for the highest applicable improvement are counted.

Land Location	Priority Points
Project achieves isolation zone control	40
Project achieves primary recharge zone control	10

b. Potential Sources of Contamination (PSOCs) addressed. Points are not additive, and are awarded for the highest applicable improvement.

PSOCs addressed	Priority Points
Project addresses microbiological PSOCs	20
Project addresses nitrate PSOCs	15
Project addresses primary inorganic or organic PSOCs	10

5.1.7. Security Projects

Projects receiving technical points "a" through "aa" above will be awarded the following additional points if the project includes security improvements.

Security Projects	Priority Points
Project is strictly a security improvement project.	20
Points may be awarded if project includes security improvements to water system infrastructure. Project may include fencing and gates, alarm and detection systems, lock systems or other security type improvements necessary for critical infrastructure protection.	5

5.2. Refinancing of Existing Facilities

The DWSRF construction loan program may be used to buy or refinance municipal debt including all obligations for DWSRF eligible projects. Under federal law, privately owned systems (both profit and nonprofit) are not eligible for refinancing. The long-term debt must have been incurred and construction must have started after July 1, 1993 to be eligible for refinancing. The use of DWSRF funds are intended to be first directed at proposed projects that address ongoing compliance problems or public health risks.

State legislation allows for loans to systems that incurred debt and initiated construction after April 5, 1997 at interest rates and terms comparable to those for new projects. Projects that have initiated or completed construction in accordance with DWSRF environmental and procurement requirements will receive priority ranking using the procedure described for new projects for the next two annual priority lists compiled following the initiation of construction. All other applications to refinance existing debt or fund completed construction will not be considered.

5.3. Construction Loan Fund Priority List

The fund provides construction loans to municipalities and certain privately-owned water systems for planning, design, construction, and repairing or improving public water systems to comply with State and Federal standards and protect public health. The projects that are ready to proceed in the Federal fiscal year October 1 - September 30 are assigned points in accordance with the Priority Ranking system scoring criteria. Project funding is based on priority score and the following considerations:

5.3.1. Projects Partially Funded in Prior Year

Projects that received partial funding from the construction loan fund in the current state fiscal year are placed at the top of the priority list. If there is more than one such project, priority order of these projects will be determined by priority score. Partial funding includes final design and/or partial construction. Planning and feasibility study loans are not considered partial funding. The water system must have submitted a loan application and Water Supply Division funding commitments must be made prior to July 1st to receive this consideration; projects that have received in excess of $6.0 million for construction costs are not eligible.

5.3.2. Commingling of New Projects with Continuing Projects

At the Department's discretion, Continuing projects will be commingled with new projects receiving technical priority points in the categories a., b., and c. listed in Section 5.1.1, i.e., for a microbiological contaminated source, 120 points; contaminants above MCL, 120 points; and unapproved source of water, 110 points, respectively. New projects with technical points in one of these three categories will be commingled with continuing projects based on the total amount of points available for the project. The projects will be funded in priority order.

5.3.3. Tie Breaking Procedure

When two or more projects score equally under the project priority system, the higher total score under the system facility deficiencies criteria will be used as a tiebreaker. If the projects are still tied, the system serving the lowest population will be given priority.

5.3.4. Amendments

The state revolving fund priority list may be amended twice a year to consider updated or new information from water systems that have already been identified and ranked through the priority system public participation process and are listed on the Comprehensive Project Priority List. Amendments to the priority list will only affect the ranking of eligible projects; projects will not be removed from the Anticipated Loan Recipient category. A public participation process will be followed for any amendments to the priority list.

5.3.5. Funding Cap

All three loan funds have maximum annual funding limits. No more than the following amounts of funds available in any given year can go to a single project, except when there is a surplus of funds, or when the Secretary specifically approves an exception.

Loan Fund	Funding Cap
Construction Loan Fund	$2,000,000
Source Protection Loan Fund	$200,000
Planning Loan Fund	$100,000

5.3.6. Bypass System

It is the intention of the state of Vermont to adhere to the priority list to the maximum extent possible. However, there are certain funding limits that could result in changes to the list. Also, the state recognizes that some systems may not be ready to proceed or emergency events could occur that would necessitate systems being bypassed in a given funding year. Anticipated Loan Recipients with a total cost of projects that does not exceed the estimated funds available during the fiscal year are identified in the Intended Use Plan.

5.3.7. Bypassed Projects

Bypassed projects in any given year may be eligible for funding in the next funding year. The projects will be considered for the following year's project priority list. Updated information on project plans and scheduling will be required. Projects that will be bypassed will receive formal written notification in advance of being bypassed.

Programs funded under the technical assistance and the local assistance set-aside will be used to assist bypassed systems with pre-project activities required for project approval and funding.

5.3.8. Bypass Mechanisms

5.3.8.1. Small Water Systems

A minimum of 15 percent of the DWSRF monies must go to systems serving fewer than 10,000 persons. Meeting this minimum funding requirement should not be a problem in Vermont since all but eight systems serve a population of fewer than 10,000 people. However to ensure compliance with this item, the projects on the list serving more than 10,000 people will be bypassed in any given year by the highest priority projects serving fewer than 10,000 people as necessary to meet the 15% funding requirement for the Anticipated Loan Recipients.

5.3.8.2. Private Water Systems

A maximum of 20 percent of the available funds can go to privately owned water systems. If necessary, privately owned water system projects on the list will be bypassed to comply with the 20% limitation for Anticipated Loan Recipients.

5.3.8.3. Financial Capacity or Readiness

Systems that have not demonstrated financial capacity (e.g., positive bond vote) or are not ready to proceed (i.e., do not meet schedules approved by the Department of Environmental Conservation such as feasibility and engineering studies, final design, construction or signed agreements) may be bypassed in any given funding year. In general, projects requiring bond votes with fund commitments will be bypassed if there is not a positive bond vote by December 31, 2010. Note the bond vote deadline has been modified for this funding cycle. When project(s) not meeting the eligibility guidelines are bypassed, the highest priority project(s) not identified as Anticipated Loan Recipients will become eligible for funding utilizing the monies made available. In general, new funding commitments will not be made after September 30th of the funding year. Any uncommitted funds identified after September 30th can be awarded to those projects outside the fundable range that have notified the WSD in writing prior to September 30th of project readiness and determined by WSD to meet readiness-to-proceed criteria. Such additional projects will be funded in priority order. Any remaining funds will be used to fund projects on the following year priority list.

5.3.8.4. Disadvantaged Community

Disadvantaged communities can elect to be bypassed if they are not able to receive principal forgiveness because the 30 percent annual maximum has been reached. The highest priority project(s) not identified as Anticipated Loan Recipients will then be selected for funding up to the dollar amount allocated to the bypassed project. Lack of funding does not alter the obligation of the bypassed system to comply with the SDWA and WSR regulatory requirements.

5.3.8.5. Emergencies

Systems either on or off the Priority List that experience an emergency resulting in an imminent and substantial threat to the public health may bypass all other projects and may be assigned top priority. Emergency additions to the Priority List will result in the lower priority projects identified as Anticipated Loan Recipients being bypassed. The number of projects bypassed will depend upon the amount of funds needed to cover the emergency. Projects that may be required to address such a health risk could involve installation of treatment facilities, construction of a new water source, or replacement of a failed system element.

5.4. Planning Loan Fund

The planning loan fund provides loans up to $100,000 to municipalities and privately owned non-profit community water systems (other privately owned water systems are not eligible) for preparation of preliminary engineering planning studies and final engineering plans and specifications for water system improvement projects. Priority list applications for planning loans may be submitted at any time for projects that are ready to proceed. Proposed projects that are ready to proceed are assigned points in accordance with the priority ranking system scoring criteria and available funds are used to fund the projects with the highest scores. Initial funding commitments for new funding will be made based on priority list applications received on or before October 1st. Additional projects are funded in priority order as funds become available. A total of $225,000 of planning loan funds will be reserved for funding projects later in the year.

At the beginning of each quarter (January 1st, April 1st, July 1st), $75,000 of this $225,000 will be made available. Water systems are given 60 days to submit loan applications following notification of available funds. Additional time to submit applications based on a project schedule approved by the Water Supply Division may be authorized by the DWSRF Program Manager. Expenditures by the applicant prior to fund commitment by the Department are not loan eligible. Assigning points and prioritization of planning loans will only be implemented when planning loan requests equal the current balance of unobligated funds, consisting of prior years' allocations, loan repayments plus fund interest.

5.4.1. Planning Loan Forgiveness

Under certain circumstances up to $50,000 of the unpaid balance of a planning loan to a municipality may be forgiven by the Secretary. Potentially eligible preliminary engineering and design cost forgiveness will be determined by DEC using DEC guidance documents (Engineering Fee Allowance Curve) and the completed documented construction cost eligible for revolving loan funds. The forgiveness criteria may be modified in the future based on operating experience. Procedures and eligibility criteria for planning loan forgiveness are detailed in a Water Supply Division guidance document.

5.4.1.1. General Eligibility Criteria

1) The system must demonstrate capacity.
2) The system must be in compliance with the Water Supply Rule including any temporary operating permit or other compliance schedule.
3) The system must be current on fee payments.
4) A construction permit must be issued and the requirements must be satisfied including O&M manual and as-built requirements.
5) The loan funding agreement must be signed following the effective date of legislation authorizing loan forgiveness (June 16, 2001).

5.4.1.2. Specific Eligibility Criteria

Projects must meet at least one of the criteria below to qualify for forgiveness:

1) Construction of the project was completed using non-Drinking Water State Revolving Loan Funds (DWSRF) and the project did not receive other state appropriated funds for project costs.
2) If the project serves a small population, the maximum forgiveness shall be $25,000. Projects for systems serving populations of 300 or fewer shall receive 100 percent of eligible forgiveness. The percent eligible for forgiveness for systems serving 300 to 500 populations shall be reduced by 0.5% for an increase of one in the design population. Systems serving populations of 500 and above will not be eligible for any forgiveness under this criterion.
3) User rates exceed 2% of the median household income. The amount of forgiveness will be determined by increasing the forgiveness until the 2% target, the $50,000 maximum, or the amount of the unpaid balance is reached. The annual planning loan cost to the municipality will be determined using construction loan terms and interest rates for DWSRF funded projects.

5.5. *Source Protection Fund*

The source protection fund provides loans to municipalities (privately-owned water systems are not eligible) for purchasing land or conservation easements in order to protect public water sources and ensure compliance with drinking water regulations. Priority list applications for land purchase or conservation easement projects may be submitted at any time for projects that are ready to proceed. The proposed projects are assigned points in accordance with the Priority Ranking System Scoring Criteria; projects are funded in priority order when funds become available. Water systems are required to submit a project schedule for approval by the Water Supply Division within 30 days of notification of available funding.

6. Information on Set-asides

The State of Vermont plans to set aside $2,176,108 (26.71%) of the Capitalization Grant for various non-construction related activities that are authorized in the Safe Drinking Water Act Amendments of 1996. These activities are often vital to water systems so that they can develop and maintain the financial, technical, and managerial capacity to run their system effectively. Some of the set-aside money will be used to develop and implement programs within state government necessary to implement the DWSRF and the SDWA Amendments of 1996.

The SDWA provides guidance for a variety of uses of the set-aside money. The set-aside money will be placed in separate accounts outside the Project Fund. The SDWA allows for transfers between the set-aside accounts, and from the Set-aside Account to the Project Fund Account, but not from the Project Fund Account to the Set-aside Account. The set-aside amounts and Project Fund amounts are the current best estimates of the funds required to complete the programs and projects described in the IUP. Transfers of funds between accounts and projects in accordance with EPA requirements will be made as necessary to accomplish the programs and projects described and efficiently and effectively use the available funds. The SDWA limits the percentage of the capitalization grant that can be used in each of these set-asides and whether the set-aside funds can be "banked" or reserved for future use.

6.1. DWSRF Administrative Set-aside

Up to 4% of the capitalization grant can be used for the DWSRF Administrative Set-aside. The full 4%, $325,840, will be taken for the various uses described below. The maximum 4% administrative set-aside has been taken each year. Expenditures are made from the earliest fiscal year funds available. Total administrative set-aside funding awarded through July 1, 2009 (inclusive of ARRA 2009 funds) is $4,777,580. With the award of the base FFY09 funds, the total will be $5,103,420.

The set-aside will be used to pay for approximately 2 FTEs within the Water Supply Division and fund the associated operating costs. These FTEs are responsible for the preparation and public participation of the IUP and grant applications. They also manage the day-to-day operations of the DWSRF, including reviewing contracts, ensuring that state and federal guidelines are followed, monitoring and approving fund obligations, environmental reviews, project approvals, etc. An additional 0.4 FTE in the Water Supply Division is performing DWSRF administration work, but is funded under the Program Management Set-aside because the funding under the Administrative Set-aside has been maximized.

Funding from this set-aside for approximately 0.4 FTE and associated operating costs will be utilized by the Facilities Engineering Division to support their roles in the DWSRF. Additional FTEs performing work in the DWSRF Program are funded through other sources. The Facilities Engineering Division is responsible for a variety of tasks, including, but not limited to loan application processing, preparation of loan documents, maintaining project financial records, approving loan disbursements, completing project audits, inspections, managing loan closeouts, monitoring loan repayments, and managing compliance with Federal Cross-cutting Authorities.

As part of the financial administration required by Vermont Statute and federal guidelines, set-aside funds will be used for financial administration of the DWSRF. This money will go to other state agencies or authorities in accordance with Memoranda of Understandings contained in the FFY 97 Capitalization Grant Application and subsequently amended.

6.2. State Program Management Set-aside

Up to 10% of the capitalization grant can be used for the DWSRF Program Management Set-aside. The state is requesting to take $770,635, or 9.5% of the grant for the Program Management Set-aside, which is the maximum amount the state can receive based on the maximum available state match. The State Program Management Set-aside can be used to fund a variety of SDWA required programs, including emergency support and various federal Public Water Supply Supervision programs. This year's Program Management Set-aside funds will be used to fund Water Supply Division personnel costs.

6.2.1. Water Supply Division Personnel Costs

Amount - $770,635

Description - The money will provide funding for approximately 8.2 FTEs and associated operating costs. Duties of the FTEs include capacity development, consumer confidence report assistance, adoption and implementation of new regulations, implementation of new and existing federal rules, source water assessment and protection, planning, outreach, data management, engineering and construction supervision, compliance supervision, DWSRF loan program administration, and other drinking water program activities.

6.2.2. Continued Activities Using Prior Year Funds

A number of programs described and funded under the prior IUPs are still active but do not require additional funding this year. These include Water Supply Division - owner/operator communications, group training and one-on-one technical assistance, Public Service Board user rate setting assistance, board member/owner's manual, consolidation assistance, emergency support, electronic permits & fees, SDWIS State, WSD personnel and operating expenses. If limited additional funding is required for some of these programs, funds will be transferred between the various program management set-aside activities.

6.3. Small Systems Technical Assistance Set-aside

The State of Vermont has chosen to take the allowed 2% of the DWSRF for the Small Systems Technical Assistance Set-aside and continue activities initiated with the FY 97 Capitalization Grant. The FFY09 funds available for this set-aside are $162,920. These funds will be combined with the funds remaining from previous grants for technical assistance to small public water systems.

6.3.1. Small Systems DWSRF & Capacity Assistance

Amount - $65,000

As part of providing water systems with the necessary assistance to develop and maintain capacity and apply for DWSRF loans, the Water Supply Division will use contracts to provide a variety of non-regulatory assistance directly to water systems. These activities may include specialty services associated with environmental documentation required for construction projects, archeological services, income surveys, and legal assistance to facilitate loan closings.

6.3.2. Technical Assistance Contract for NTNCs and TNCs

Amount - $35,000
The Water Supply Division will continue to provide technical assistance to public non community water systems. This work will be accomplished through an engineering contract. The primary focus of this assistance is troubleshooting water treatment for TNCs.

6.3.3. GPR Assistance – Energy/Water Conservation Audits

Amount $22,000
The Water Supply Division will contract with a qualified consultant to conduct energy and water conservation audits of public water systems. These audits may provide the basis for subsequent loan applications for "green" projects that could potentially be included on the FFY 2010 PPL as part of that year's 20% Green Project Reserve.

6.3.4. WSD Technical Assistance

Amount - $40,920
The Water Supply Division intends to allocate approximately .5 FTEs to provide direct technical assistance to PWSs. It is anticipated that technical assistance will be part of the Division's overall strategy for implementing the new federal ground water rule.

6.3.5. Continuing Activities

A number of programs described and funded under prior IUPs may be resumed, such as a multi-year engineering contract to provide operational troubleshooting assistance to small water systems. Additionally, we will reserve funds for possible renewal of the SRF assistance contract (services provided previously by the Vermont Rural Water Association). We will reevaluate after we have had an opportunity to judge the success of parceling out those services through several smaller scope contracts.

6.4. Local Assistance and other State Program Assistance Set-asides

States are authorized to take up to 15% of the capitalization grant for this set-aside. The authorized activities under this set-aside include a land acquisition and conservation easement loan program, a voluntary source water quality protection efforts loan program, establishment and implementation of a wellhead protection program, and technical and financial capacity implementation. No more than 10% of the capitalization grant can be used for any one of these authorized activities. The State of Vermont is requesting to take $916,713 for this set-aside, which is 11.25% of the capitalization grant.

6.4.1. Capacity Implementation

Capacity implementation includes a variety of activities to support the development and implementation of technical, financial, and managerial capacity for public water systems. The Water Supply Division will allocate $814,600 of the FFY09 grant to provide this assistance.

6.4.1.1. Planning Loan Program

Amount - $500,000

The Planning Loan Program was established with FFY98 funds to make planning loans to municipally owned water systems serving populations of fewer than 10,000. The program was expanded to provide loans for both planning and final design and to authorize loans to owners of non-profit privately owned community water systems in October 2001. This program is part of the state capacity development strategy to provide assistance to small systems to conduct feasibility studies, preliminary engineering reports, and prepare final designs in order to comply with state and federal standards and protect public health. Under certain circumstances up to $50,000 of the unpaid balance of a planning loan to a municipality may be forgiven by the Secretary. Criteria for forgiveness are described in detail in Section 5.4 and in a Water Supply Division guidance document. This program is described in more detail in the Program Description Section of this IUP and the administrative details were described in the initial workplan for this activity, which was included with the FFY98 EPA grant application.

The State of Vermont is proposing to increase available funds in this account by $500,000. Current planning loan commitments, pending loan applications, and set-aside funding amounts are summarized below.

Summary of Planning Loan Set-aside Amounts	
Funding Year	**Amount**
FFY98	$534,195
FFY99	$300,000
FFY00	$200,000
FFY01	$500,000
FFY02	$250,000
FFY03	$225,000
FFY04	$225,000
FFY05	$225,000
FFY06	$300,000
FFY06 (Transfer from Source Protection Loan Fund)	$400,000
FFY07	$450,000
FFY08	$500,000
FFY09 (proposed)	$500,000
Subtotal	**$4,609,195**
Net Other Funds (repayments, interest, miscellaneous projected at 7/1/10)	$2,397,544
Total Funds	**$7,006,739**
Total Commitments at 5/1/2010	$6,157,300
Projected Commitments 5/1/10 to 7/1/10	$300,000
Total Commitments Projected at 7/1/10	**$6,457,300**
Projected Available at 7/1/10	**$549,439**

6.4.1.2. Capacity Positions

Amount - $200,000

Starting in the FFY 03 IUP, the State funded approximately 1.09 FTEs and associated costs as part of the capacity implementation program. We increased the FTEs to approximately 2.0 with the FFY 05 grant. In FFY 06, we added funding for another FTE in a temporary service position to provide direct assistance to systems with the preparation and implementation of the surface water treatment rules, with a particular focus on the Long Term 2 Surface Water Treatment Rule and the Stage 2 Disinfection By-products Rule. The SWTR position is now shown as a part-time position. FFY09 funds totaling $200,000 will be allocated to fund approximately 2.3 FTEs and associated costs.

6.4.1.3. Public Water System Asset Management Pilot Program

Amount - $40,000

We are proposing to contract with an engineering firm or other qualified consultant to conduct asset management assessments of small public water systems.

6.4.1.4. Public Water System O&M Manuals

Amount - $74,600

We are proposing to allocate funds for an engineering contract to prepare O&M manuals for small public water systems.

6.4.1.5. Ongoing Capacity Activities

Ongoing activities with prior year's funds include the Water Supply Division newsletter, the Source Protection Loan Program, mediation assistance, and technical assistance.

6.4.2. Wellhead Protection Program

Amount - $102,113

We are proposing to continue the funding of positions to implement the groundwater portion of the Source Water Protection Program. We are seeking to provide funding for 1.2 FTEs and associated costs. The funding for surface water protection activities performed by these positions is funded under the Program Management Set-aside. This program includes the review and approval of Source Protection Plans, creating and reviewing Source Water Assessments, reviewing Source Protection Plans as part of the Phase II/V waiver review process, and outreach and assistance on source protection.

6.5. *Summary of DWSRF Set-asides for FFY 2009*

DWSRF Set-asides for FFY 09		
Set-aside (Maximum %)	**Funds Available**	**Grant Request**
Administration (4%)	$325,840	$325,840
Technical Assistance (2%)	$162,920	$162,920
Program Management (10%)	$814,600	$770,635
Local Assistance (15%)	$1,221,900	$916,713
Totals	$2,525,260	$2,176,108

DWSRF Set-asides Summary (Includes ARRA 2009 Funds)					
Set-aside	**Previous Funding**	**Current Year (FFY09) Funding**	**Total with FFY09 Funds**	**Expended as of 5/1/10**	**Unexpended as of 5/1/10[1]**
Administration	$4,777,580	$325,840	$5,103,420	$4,165,846	$937,574
Technical Assistance[2]	$2,088,790	$162,920	$2,251,710	$1,669,422	$582,288
Program Management[3]	$9,323,045	$770,635	$10,093,680	$7,399,618	$2,694,062
Local Assistance	$7,814,141	$916,713	$8,730,854	$6,425,988	$2,304,866
Totals	$24,003,556	$2,176,108	$26,179,664	$19,660,874	$6,518,790

[1] Plans for use of unexpended funds are included in work plans; some of these funds are committed in grants, contracts, or loans committed to activities described in previous work plans.

[2] Vermont has reserved the right to take additional technical assistance funds from future grants. (ARRA FFY09 $300,000)

[3] Vermont has reserved the right to take additional program management funds from future grants based on the following authorization balances from prior grants:

FFY97:	$1,105,880
FFY98:	$592,130
FFY99:	$226,380
FFY00:	$275,700
FFY01:	$48,910
FFY03:	$177,410
ARRA FFY09:	$1,750,000
Base FFY09:	$43,965
Less Prior Transfer:	$(780,505)
Total:	$3,439,870

Note 1: The above ARRA Program Management (PM) Set-aside amount is $1,750,000, which is the sum of $975,000 plus a pending transfer of $775,000 of unexpended Project Management Set-Aside funds to the Fund, pending award of ARRA Grant Amendment #3

Note 2: After the pending transfer of $775,000 of the PM Set-aside to the Fund is completed, the balance of unexpended PM Set-aside will be $1,919,062, which amount is reflected in the Program Management Workplan submitted with the 2009 DWSRF Grant application.

7. Program Changes -

7.1. Changes affecting FFY 2009 Funded Projects

As a result of public comment we have revised the IUP to adjust the bond vote deadline for this priority list to December 31, 2010. The application deadline for this cycle will be July 1, 2011 and funding commitments will not be made beyond September 30, 2011. Other changes include applicability of Davis-Bacon wage rate requirements for projects underway after 10/30/2009 and D-U-N-S and CCR registration. These latter two items will be included in the loan application forms when those requirements take effect October 1, 2010 or later.

7.2. Changes affecting FY2010 Funded Projects

Although no other changes are planned for this IUP, at least two other substantive program changes are under consideration for the 2010 IUP. These changes consist of revisions to the PPL priority system and the inclusion of a Green Project Reserve 20% requirement.

Two substantive changes are under consideration to address a project's readiness-to-proceed status on the project priority list. The first change would require a project to have gained voter approval (board approval in the case of private entities) prior to making application for placement on the priority list. Program staff is planning an outreach effort to previous SRF loan recipients as well as other water system officials to identify potential benefits or issues with this type of policy. The second change under consideration is adding a bid advertisement deadline to the program's bypass procedures. We found having such a deadline for the ARRA projects worked well in terms of moving projects along in an orderly manner during the fiscal cycle.

Over the course of the year and leading up to the development of the FY 2010 IUP, program staff will be evaluating the current priority ranking system to determine if modifications are needed. In particular staff will compare EPA and the Division's enforcement priorities and determine if those priorities optimally align with the current scoring methodology (primarily in the facility improvement category). Additionally, staff will evaluate if new point categories are needed in order to score projects that qualify under the Green Project Reserve (GPR). This effort may result in the creation of new categories, renaming of existing, and adjustment to the points that are awarded.

8. Appendix 1: Public Participation Documents

8.1. Request for Priority List Applications Postcard Text

IMPORTANT FUNDING OPPORTUNITY
VERMONT DRINKING WATER STATE REVOLVING FUND
REQUEST FOR PRIORITY LIST APPLICATIONS

The 1996 Safe Drinking Water Act (SDWA) amendments authorized low interest loans using federal and state funds administered by the State for water system improvements. Funds for loans to municipalities and certain privately owned water systems for planning, final design and construction for the purpose of repairing or improving public water systems to comply with State and Federal standards and protect public health will be available.

The Drinking Water State Revolving Fund (DWSRF) is now accepting priority list applications for placement on the 2009 DWSRF project priority list. The deadline for **2009 construction priority list applications is December 18, 2009.** If you would like an application for your water system improvement project to get on the priority list, please call the Water Supply Division at 1-800-823-6500. Additionally, a copy of the form can be found and completed online on the Water Supply Division website at: http://www.vermontdrinkingwater.org/forms/DWSRFPriorityListApplication.doc

We plan to have a draft priority list available by Friday, January 15, 2010. A public meeting to receive comments on the draft priority list and the FY 2009 DWSRF Vermont Intended Use Plan will be held on Monday, January 25, 2010, from 1:00 P.M. to 3:00 P.M., at the Summit Training Center - Hazen Notch Room at the Waterbury State Office Complex. Final written comments are due by Friday, February 5, 2010.

If you have questions about completing the application form or the loan program in general, please contact Bryan Redmond toll-free in Vermont at 1-800-823-6500 ext. 3408, or direct at 1-802-241-3408 or by fax at 1-802-241-3284. We look forward to assisting you with your water system improvement needs.

8.2. *Responsiveness Summary*

Comments were made verbally during the public meeting in Waterbury on January 25, 2010. The comments have been edited and consolidated for brevity and clarity. In addition, verbal or written comments were received (i.e., letter, fax, phone, or email) during the public comments period. The Water Supply Division has a file available to the public that contains the notes from the public meetings and written comments received during the public comment period.

	Question or Comment	**Response**
	Who are the VMBB coaches and is there an application process to obtain this assistance?	The two coaches are employees of the VMBB, one covering the northern part of the state and the other covering the southern region. The referral process is informal and often the VMBB is proactively contacting the applicants. Referrals also often occur thru the loan program in WSD.
	Given the economic climate and budgetary situation, what if the DWSRF Program does not receive the required state match?	Should this happen we would not be able to receive the 2009 Capitalization Grant from EPA. Without the grant there would be impacts to projects and program initiatives. Currently, we have approximately $6.0M from previous year's funds that could be made available for project loans. We would welcome comments on how best to implement a priority ranking system if we are forced to operate under these conditions.
	How did VT achieve the $3.9 Green Project Reserve (GPR) funding requirement under the American Recovery and Reinvestment Act (ARRA)?	Most of the $3.9M or 20% GPR requirement was accomplished through the fundable portion of the priority list as we had many projects that incorporated green elements. Since we did not reach 100% of the GPR via projects on the fundable list we elevated priority for projects on the comprehensive list that included green components.
	The Green Project Reserve requirement is included in the FY10 Capitalization Grant. Engineers should start including a section on water efficiency in the Preliminary Engineering Study, which can be used to support a business case.	This comment was offered by program staff in order to inform meeting participants.

	Question or Comment	Response
	Clarification needed about the slide titled "VRWA Contract". Also note, this contract has been competitively bid since 1998 and VRWA has been fortunate enough to be the winning bidder a number of times.	Yes, this slide is specific to the Small Systems DWSRF & Capacity Assistance contract.
	The SRF Technical Assistance Contract was a significant factor in moving 55 school projects through the SRF funding process.	We recognize the contribution this contract has provided to the successful implementation of the NTNC disinfection requirement. Without this direct assistance to the school water systems the process would have been more onerous for the systems.
	The SRF Technical Assistance Contract has been a positive contributing factor for many of the short and long term goals as outlined in Section 2 of the Intended Use Plan.	So noted.
	Please consider funding the Small Systems DWSRF & Capacity Assistance contract at $125,000 (FY2008 level).	At this time the decision has been made not to re-advertise this contract for bid. The WSD will take 6+/- months to re-evaluate DWSRF Program priorities and needs and determine if a revised scope of services is warranted.
	Given the DWSRF Technical Assistance contract will not be renewed at this time, consulting engineers should include the environmental review documentation in the scope of their work for all funded projects.	Additionally, program staff will ensure this scope item is included in planning and final design contracts funded through the planning loan program.

	Question or Comment	Response
	We received nine public comments relating to the decision not to renew the Vermont Rural Water SRF Technical Assistance contract. Each of the nine comments came directly from water systems that have received technical assistance services through this contract.	Thank you for the comments and we will take the specifics into consideration as we re-evaluate program needs. Continued feedback from the water systems on program needs is greatly appreciated and always welcome. Program staff is planning on conducting interviews w/ past loan recipients and other water system officials to solicit additional feedback.
	Under Section 6.3.1- Energy/Water Conservation Audits. Please consider revising the wording of this section to read: Water Supply will contract with a "qualified company" (not an individual) for this service.	So noted, adjustment has been made.
	Will USDA and SRF still meet to coordinate project funding?	Yes, the agencies will continue to meet quarterly.
	Can a 30-year term be done on the Recovery Zone Economic Development Bonds?	Yes, as long as the useful life of the assets is equal to or exceed the life of the bond. This was a question posed to the Vermont Municipal Bond Bank (VMBB) in response to their presentation on these bonds. The recovery zone bonds are managed independently of the DWSRF and overseen by the VMBB.
	Do the environmental review requirements apply to Recovery Zone Economic Development Bonds?	VMBB response: No, Davis Bacon does apply but Buy American does not.

	Question or Comment	Response
	If using DWSRF planning money for planning and final design and Recovery Zone Economic Development Bonds for construction, do environmental review requirements apply?	Providing strictly planning and design funds would not trigger the environmental review in the DWSRF Program but utilization of construction funds will.
	The administration of the ARRA Program included a bid advertisement date of 7/1 (quick start project). Now looking back, was this date beneficial?	1) Internally we found this date to work very well in terms of moving projects into construction during the fiscal cycle. Also beneficial to the short Vermont construction season. 2) The date was useful as we (engineering consultants) found it was a major factor in moving projects along in an orderly fashion. 3) The Program is strongly considering incorporating a 7/1 bid advertisement date into the program bypass procedures, which would be applicable to the 2010 priority list.
	As a follow up to the above, can a readiness-to-proceed criteria be incorporated into the priority ranking system?	Readiness to proceed was a one-time provision allowable by the ARRA legislation and is strictly prohibited as a component of the scoring system under the base SRF Program. We could consider other methods of incorporating readiness to proceed into the ranking system that are allowable by EPA, such as a pre-requisite for a community to have established a bond authorization prior to applying for placement on the priority list.
	Consider adjusting the priority ranking system so systems with a temporary operating permit receive a weighted bonus (similar to current approach with schools and daycares).	The WSD is currently involved in a broader revision to the DWSRF priority ranking system to better align with EPA enforcement priorities and operating permit conditions. Once the system is developed we will schedule public meetings to solicit input.

	Question or Comment	Response
	Consider adding a point category for system wide meter installation and other infrastructure to allow for water audit procedures.	Excellent suggestion, as mentioned above the GPR requirement will be in place for the FY10 capitalization grant. As part of the revisions to the ranking system we will need to determine how best to prioritize green projects. Again, once the system is developed we will solicit public input.
	Consider revising the voter approval deadline from March 2011 to Fall of 2010 for the FY09 appropriation.	We have revised the IUP and established a bond vote deadline for this priority list of December 31, 2010. July 1, 2011 will be the application deadline for this cycle.
	Bond votes for water/waste water projects are often not voted on Town Meeting.	So noted. The SRF Program has used this date as a deadline because historically the Department believed that is when most votes were done. Prior to making a permanent program change staff will research when bond votes occurred for previously funded SRF projects.
	We often see communities seeking voter approval for water/ waste water projects in November.	See above comment.
	What about the concept of having a requirement of a positive bond vote for priority list eligibility?	This concept will not be implemented for this list but is under consideration for the 2010 priority list.

	Question or Comment	Response
	Having a bond vote as a pre-requisite is too early in the process and would not work. Communities want to know that funding is available prior to approaching their voters for approval.	We will take this comment into consideration when evaluating this concept for the 2010 IUP. Our goal is to ensure the highest ranked projects that are ready to proceed are funded and avoid implementing bypass procedures.
	When will final draft of the UIP and Priority List be available?	Sometime in the early part of April.
	Winterplace Water System. Please adjust total funding request to $550,000 as the project scope has increased. Also, please add 5 security points to their score as fencing and gates around the well sources are now included in the project.	We have adjusted the loan request and added 5 security points to the project's score. The project has been ranked accordingly.
	For the Comprehensive List, Newport should be listed as Newport City.	The change has been made.
	Town of Barre, Mill Street water line replacement. The project was completed in anticipation of the ARRA program. Please consider revising the scope of our 2008 priority list application to include the Mill Street water line replacement.	We have adjusted the scope of the project on the application to include the Mill Street waterline. The project is now on the fundable portion of the 2008 priority list.

	Question or Comment	Response
	I am concerned that distribution related projects rank very low even though the project is ready to proceed ahead of many projects in the fundable range. The Town of Plainfield continues to be far down the list for their waterline project, is there any possibility for funding in 2009 or should we look at other options? Please advise	Historically we have reached lower ranking distribution projects through program bypass procedures. It is not uncommon for the Program to go through the entire priority list in any given fiscal year. The community could move forward with the project using commercial funding then retroactively finance through the DWSRF provided the program's environmental and bidding and procurement requirements are satisfied. Additionally, note proposed changes to be considered for FY10 regarding bond vote pre-requisite.
	Please add Four Seasons of Early Learning to the priority list.	The project has been added.
	Please add Lamoille Union School District 18 to the priority list.	The project has been added.
	Please add Highland Hall School to the priority list.	The project has been added.

9. Appendix 2: Comprehensive Priority List and Anticipated Loan Recipients for DWSRF Construction Loans – Refer to attached fundable and comprehensive priority lists.

Fundable List

State of Vermont Fundable Project Priority List
2009 Drinking Water State Revolving Fund Capitalization Grant

Last Update: 3/24/2010

Total Available Funding: $ 14,206,163

Priority Points	Funding Status	Loan Recipient	Service Area Population	Project Description	Estimated Loan Amount	Cumulative Loan Amount	Interest Rate	Subsidy	Repayment Terms
135	C	Harwood Union High School	900	Well development, replacement of water storage tank, and possible water treatment.	120,000	120,000	3.0%	25,000	20
123	C	Castleton Fire District #1	1,940	Chlorine contact time, water distribution, and water storage improvements.	986,163	1,106,163	-3.0%	391,978	30
112	C	Vergennes - Panton	5,080	Water treatment plant upgrade.	2,000,000	3,106,163	3.0%	0	20
105	C	Springfield	9,800	Distribution and well house pressure zone improvements, storage and SCADA improvements.	2,000,000	5,106,163	0.5%	0	30
98	C	Sheldon	300	Interconnection of community water systems, water storage and booster pump station improvements.	2,000,000	7,106,163	0.0%	0	20
162	F	Birch Landing Condominium (Plymouth)	80	Interconnection of four separate water systems and necessary upgrades to the single operating system.	400,000	7,506,163	3.0%	0	20
148	F	Wells Village School	93	Disinfection and other miscellaneous improvements.	25,000	7,531,163	3.0%	25,000	20
143	F	Highland Hall School	30	Disinfection and other miscellaneous improvements.	25,000	7,556,163	3.0%	25,000	20
139	F	Four Seasons of Early Learning (Greensboro)	54	Project to address water shortage and disinfection.	100,000	7,656,163	3.0%	0	20
138	F	Alburgh Village	1,000	Water treatment plant upgrade.	2,000,000	9,656,163	-3.0%	794,956	30
138	F	Cambridge Children's School	44	Disinfection, corrosion control, and other miscellaneous improvements.	23,000	9,679,163	3.0%	0	20
137	F	Brookside Mobile Home Park (Starksboro)	135	Distribution system replacement, water treatment to address gross alpha, water meters, and renewable energy installation on pumphouse.	670,000	10,349,163	0.0%	0	20
135	F	Chelsea Elderly & Family Housing	73	Interconnection of two water systems into the municipal water system.	65,000	10,414,163	3.0%	0	20
135	F	Sunderland School	88	Disinfection and other miscellaneous improvements.	25,000	10,439,163	3.0%	25,000	20
131	F	Orange School	183	Water storage and source improvements.	50,000	10,489,163	3.0%	25,000	20
130	F	Proctor	2,200	Replace surface water source with groundwater, storage, pumping and distribution system improvements.	2,000,000	12,489,163	3.0%	0	20
130	F	Leisure Lodge Condominium (Winhall)	28	Water source, disinfection, storage and pumping facility improvements.	50,000	12,539,163	3.0%	0	20

130	F	Bramleys Condominiums (Warren)	92	Disinfection, storage, distribution and pumping facility improvements.	170,000	12,709,163	3.0%	0	20
130	F	SEVCA (Westminster)	40	Disinfection and other miscellaneous improvements.	6,000	12,715,163	3.0%	6,000	20
130	F	Kindle Farm Children's Service (Newfane)	38	Disinfection and other miscellaneous improvements.	25,000	12,740,163	3.0%	0	20
128	F	Stamford Elementary	115	Disinfection and other miscellaneous improvements.	13,500	12,753,663	3.0%	13,500	20
128	F	Calais Elementary	166	Source, storage, disinfection, and other miscellaneous improvements.	25,000	12,778,663	3.0%	25,000	20
125	F	Thetford Water Coop	116	Source development, consolidation with two non-community water systems, storage, pumphouse, and distribution system improvements.	446,000	13,224,663	0.0%	0	20
123	F	Grand Isle Consolidated	1,365	Building addition and treatment upgrade for Disinfection By-Products and new backwash settling tank.	975,000	14,199,663	0.0%	0	20
123	F	Barnet School	290	Disinfection and other miscellaneous improvements.	6,500	14,206,163	3.0%	6,500	20
				Totals	14,206,163			1,382,934	
				Total Fundable Amount					14,206,163
				Total Loan Subsidy					1,382,934

Priority List Notes:

1) Total available funding is based on Federal Capitalization Grant, State Match interest earnings, repayments and other fund income.

2) Funding Status: C= Continuing Project, F= Fundable Project. Projects that do not currently have funding available are listed on the Comprehensive List.

3) Final eligibility determinations will be made at the time of loan application review.

4) Interest rates and disadvantaged subsidies are preliminary determinations only.

Comprehensive List

State of Vermont Comprehensive Project Priority List
2009 Drinking Water State Revolving Fund Capitalization Grant

Priority Points	Assistance Recipient	Population	Estimated Assistance Amount
122	South Wallingford Water Company	80	250,000
120	Briarwood Mobile Home Park (St. Albans)	85	500,000
120	Bloomfield	40	16,000
120	Deerfield Valley Health Center (Wilmington)	85	45,000
120	Aqua Haven (East Haven)	150	383,500
118	Hartland Elementary	500	150,000
112	Woodside Manor Mobile Home Park (Hartford)	175	105,000
110	Swanton	4,394	2,000,000
110	South Alburgh Fire District #2	500	2,000,000
110	Blake Hill Homeowners Association (Woodstock)	48	100,700
110	Killington Gateway II	73	90,000
108	Winterplace (Ludlow)	745	550,000
108	Canaan Fire District #1	970	450,000
107	Ascutney Fire District #2	400	2,000,000
105	North Hero	1,800	1,120,000
105	Sheffield Fire District #1	50	15,000
98	Norwich Fire District #1	870	400,000
95	Seasons on Mount Snow (Dover)	623	45,000
95	East Mountain Water Company (Mendon)	34	70,000
92	Cabot	250	497,000
92	Rutland Town Fire District #10	84	419,065
92	Waitsfield	300	2,000,000
88	Bradford	1,512	2,000,000
82	Mad River Meadows (Waitsfield)	92	62,500
80	Northfield	4,000	2,000,000
80	Canaan Fire District #2	350	1,900,000
78	Hyde Park	535	180,000
78	Greensboro Fire District #1	650	200,000
78	Morrisville	2,600	700,000
75	Okemo Kettlebrook (Ludlow)	420	350,000

75	Bennington	12,000	2,000,000
73	Richmond	1,000	1,649,513
73	Hardwick	1,900	130,500
73	Fair Haven	2,900	550,000
70	Readsboro	440	280,000
70	Hawk Pine Hills (Norwich)	60	11,900
65	Plainfield	985	375,000
65	Arlington Water Company	1,250	332,250
65	Lamoille Union High School District 18	1,418	62,200
65	Lyndonville	4,500	1,200,000
62	Worcester Fire District #1	350	75,000
60	Milton	5,333	450,000
60	Williston	6,848	120,000
60	Colchester Fire District #3	7,733	1,500,000
60	Essex Junction	8,591	918,966
60	Middlebury	5,540	1,289,200
60	St. Albans	9,956	525,000
60	Bellows Falls	3,700	2,000,000
60	Barre City	14,000	2,000,000
55	West Rutland	1,982	100,000
53	Barre Town	1,210	770,000
53	North Troy	860	250,000
52	Limehurst Mobile Home Park (Williamstown)	87	186,000
50	East Mountain Mobile Home Park (Bennington)	76	150,000
50	Green Lantern MHP (St. Johnsbury)	144	50,000
50	Newport City	5,600	120,000
48	Wilmington	1,400	450,900
45	Killington Gateway I	140	110,000
43	Norwich Fire District #1	870	550,000
40	Shelburne	5,572	297,000
40	Champlain Water District	68,000	1,600,000
37	Central Vermont Home Health (Berlin)	110	7,000
35	Bennington	12,000	1,600,000
30	Bristol	1,900	120,000
30	Middlebury	5,540	1,610,000
25	Chester	1,490	85,000
15	Barre City	14,000	350,000
Total Non Fundable			44,474,194

10. Appendix 3: Program Description

PROGRAM DESCRIPTION
VERMONT DRINKING WATER STATE REVOLVING FUND

The following is a brief and general overview of the Drinking Water State Revolving Fund (DWSRF) program; official interpretations of policies and procedures may be obtained from the Water Supply Division (803-241-3400). The four sections in this Program Description are Construction Loans, Planning Loans, Source Protection Loans, and All Loans.

10.1. Construction Loans (Planning & Design also eligible)

10.1.1. Eligible Organizations

1) Publicly owned community water systems.
2) Privately owned community water systems.
3) Non-profit, Non-community water systems.

10.1.2. Eligible Projects

Nearly all water system improvement projects are eligible (new construction, renovation or replacement, or consolidation of systems) which will facilitate compliance with federal primary drinking water regulations or otherwise significantly further health protection objectives of the Safe Drinking Water Act (SDWA). Generally, the complete project will be eligible for a loan. Examples of eligible projects include:

- Replacement of contaminated sources with new sources;
- Construction of treatment facilities;
- Installation of disinfection facilities;
- Projects required to address compliance or enforcement issues;
- System consolidation or interconnection to address capacity issues;
- Costs for planning and engineering design associated with a DWSRF eligible project;
- Land acquisition integral to a DWSRF eligible project.
- Replacement of aging infrastructure, including all distribution and transmission lines;
- Upgrade or rehabilitation of existing water facilities;
- Installation of meters and back flow prevention devices; and
- Refinancing of DWSRF eligible projects where the debt was incurred after July 1, 1993. (Funds currently not available.)

10.1.3. Ineligible Projects

The fund cannot provide funding assistance for the following projects and activities:

- Dams or rehabilitation of dams;
- Water rights, except if the water rights are owned by a system that is being purchased through consolidation as part of a capacity development strategy;
- Reservoirs, except for finished water reservoirs and those reservoirs that are part of the treatment process and are located on the property where the treatment facility is located;
- Laboratory fees for monitoring;
- Operation and maintenance expenses;
- Projects needed mainly for fire protection;
- Projects for systems that lack adequate technical, managerial and financial capability,

unless assistance will ensure compliance;

- Projects for systems in significant noncompliance, unless funding will ensure compliance; and
- Projects primarily intended to serve future growth. This includes projects to develop new water systems and/or water system extensions. Under certain circumstances, a new water system or water system extension may be determined to be eligible. Please contact the Water Supply Division for further information.

10.1.4. Project Planning

The phasing of construction projects over multiple years is an acceptable practice. However, each application must identify a stand-alone project. The funding of future phases will be contingent on availability of funds and project priority.

10.1.5. Loan Rates and Terms

The following rates are subject to change based on determinations by the State Treasurer and the Secretary.

LOAN TYPE [1]	ORGANIZATION TYPE	INTEREST RATE PLUS ADMINISTRATIVE FEE	MAX TERM [2]
Planning	All	0%	5 yrs.
Construction	Municipal Community [3] Non-disadvantaged	(3%) - (0%)[7]	20 yrs.
Construction	Municipal/Disadvantaged [4]	(3%) - (-3%)[7]	30 yrs.
Construction	Private-Profit Community	3%[8]	20 yrs.
Construction	Private-Non-Profit Community (Disadvantaged) [4]	(3%) - (-3%)[10]	30 yrs.
Construction	Private-Non-Profit Community (Non-disadvantaged)	3%[8]	20 yrs.
Construction	Private-Non-Profit Non-Community	3%[8]	20 yrs.
Construction	Municipal (Non-Community)	3%[9]	20 yrs.
Refinancing	Municipal (Debt incurred July 1, 1993 - April 5, 1997)	4.376%[5]	20 yrs.
Refinancing	Municipal (Debt incurred after April 5, 1997)	New loan rates [6]	New loan[6] terms

1) Planning loans may include feasibility studies, preliminary engineering, engineering design etc., and will be rolled over into a long term loan if a loan is obtained for the proposed facilities. Construction loans include all system improvement type loans.
2) Loan durations are for maximum terms but may be for a shorter time based on loan

amount and other considerations.

3) Municipal includes city, town, village, fire district, school district, etc. Interest rate plus administrative fee will not be less than necessary to achieve an annual household user cost of 1.00% of median household income.
4) A disadvantaged municipality has a median household income below the state average community median household income ($\$40,368*1.04^7=\$53,122$) or the user cost exceeds 2.5% of the MHI. Interest rate plus administrative fee and term will not be less than necessary to achieve an annual household user cost of 1.0% of median household income, and final adjustments will be made when loan is finalized after construction completion.
5) Interest rate set by State Treasurer.
6) Interest rate plus administrative fee and term will be the same as for new loans if funded within 2 years of the initiation of construction.
7) Administrative fee will be from 0% to 2%.
8) Administrative fee will be 3%.
9) Administrative fee will be 2%.
10) Administrative fee will be from 0% to 3%

10.1.6. Comprehensive Project List

The Water Supply Division maintains a list of known projects eligible for loans. The list is developed/updated annually and water systems are encouraged to identify projects and submit applications for this list. The Water Supply Division may add projects to the list without an application from the water system.

10.1.7. Project Ranking and Selection Criteria

A project priority list is established for projects needing funds during the Federal fiscal year (October 1 - September 30 of each year). A priority score is established for each eligible project by assigning points based on established criteria. The criteria required by Federal and State regulations are covered under the following general categories:

1) System facility deficiencies (weighting factor of 1.2 is applied for eligible schools and childcare facilities).
2) Physical consolidation of water system,
3) Financial need/affordability,
4) Population,
5) Downtown area preference,
6) Source protection (applies only to source protection loans funded thru the LASRF), and
7) Security projects.

Projects are listed in priority order based on total point scores.

10.1.8. Anticipated Loan Recipients

The highest priority projects with a total cost that does not exceed the estimated funds available during the fiscal year and which comply with the following Federal and State regulatory requirements are identified as Anticipated Loan Recipients on the list.

1) A minimum of 15% of the funds must be used for projects serving communities with populations of fewer than 10,000 persons.
2) Funds for private systems cannot exceed 20% of the available funds.
3) Subsidies for disadvantaged communities cannot exceed 30% of the federal capitalization grant.

Projects not identified as Anticipated Loan Recipients will be funded in priority order, if funds became available during the year.

10.1.9. Bypassed Projects

Anticipated Loan Recipients may be bypassed if they do not proceed in accordance with the planned project schedule or if emergency projects are funded to address imminent and substantial threats to public health.

10.1.10. Re-Application

Priority lists will be revised at least annually; updated information or new applications will be required.. The Water Supply Division may include projects on the list without applications.

10.1.11. Engineering Reports and Plans and Specifications

Water Supply Division approval of feasibility studies and engineering reports funded by the program is required. The Vermont Water Supply Rule requires approval of plans and specifications for all water system improvements.

10.1.12. Procurement Requirements

Competitive procurement requirements and approvals will be included in loan agreements. Force account construction will not be allowed except in unusual circumstances. The Construction Section of the DEC Facilities Engineering Division manages procurement procedures and requirements for DWSRF funded projects.

10.1.13. Maximum and Minimum Loan Amounts

A minimum loan amount has not been established; not more than $2 million of the funds available in any given year can go to a single project, without specific review and approval by the Secretary. Projects with costs exceeding the $2 million cap will be treated as continuing projects and have a maximum value of $6 million before it loses its elevated continuing status.

10.1.14. Project Approval Steps

Following are the steps for a standard construction project.

1) Application for priority list or updated information submitted by applicant. (April of each year.)
2) The eligibility of each project is reviewed, and priority points awarded to each project.
3) Priority list developed.
4) Public meeting held and public comment obtained on priority list.
5) Capitalization grant finalized and submitted to EPA.
6) EPA approves grant to State.
7) Anticipated loan recipients required to attend a pre-application meeting.
8) Anticipated Loan Recipients required to submit a project schedule.
9) Project schedule approved by Water Supply Division.
10) Anticipated Loan Recipients requested to submit application.
11) Application to include information for environmental review.
12) Project determinations made (eligibility, scope, interest rate, etc.).
13) Environmental review process completed.
14) Bond Bank or VEDA notified of project approval.
15) Applicant submits loan application to VEDA or Bond Bank if required.
16) VEDA or Bond Bank executes loan agreement with applicant.

17) Plans and Specifications approved.
18) Contracts awarded in accordance with loan agreement.
19) Construction initiated.
20) Loan disbursements made during construction for completed work.
21) All construction completed.
22) All loan agreement conditions and/or Capacity Improvement Plans completed.
23) Loan closed out.
24) Loan payments begin.

10.1.15. Municipal School Water System Disadvantaged Program

Up to $25,000 of a loan from the construction fund for improvements to a municipally owned public school water system may be forgiven. The following criteria must be satisfied.

1) The system must demonstrate capacity.
2) The system must be in compliance with the Water Supply Rule including any temporary operating permit or other compliance schedule.
3) The improvements must be completed in accordance with a construction permit issued by DEC and all of the construction permit conditions must be satisfied.
4) Competitive procurement procedures must be followed for the construction.
5) The completed work must be inspected and completed in accordance with the construction permit verified by a professional engineer or DEC staff.
6) Standard procedures for obtaining a loan must be followed.

The determination by the Secretary on loan forgiveness will be final. The determination will be made when the loan is finalized following construction completion.

10.1.16. Department of Agriculture Rural Development - ANR Joint Funded Projects

The Secretary may designate certain projects as joint funded projects and reduce the ANR administrative fee plus interest rate to make the total cost to the borrower equivalent to an ANR DWSRF loan for the total project. Municipalities will be contacted prior to making such decisions and this procedure will generally only be considered for large projects.

10.2. Planning Loan Fund

10.2.1. Eligible Organizations

Municipal systems and private non-profit community systems with populations under 10,000 are eligible for planning and final design funding from the planning loan fund.

10.2.2. Eligible Projects

Preliminary engineering planning studies and final engineering plans and specifications for water system improvement projects needed to comply with state and federal standards and to protect public health.

10.2.3. Loan Terms and Rates

Planning Loans are at 0% interest for a 5-year term, and may be rolled into a construction loan from the priority list (based on points) at the interest and term identified for the construction loan.

10.2.4. Maximum and Minimum Loan Amounts

The maximum loan amount is $100,000.

10.2.5. Project Ranking

The Water Supply Division maintains a project priority list for planning loans, if necessary. A priority score is established for each eligible project by assigning points for the water system improvement project based on established criteria. The criteria are the same as for construction projects, and include the following general categories except for points awarded for population:

1) System facility deficiencies;
2) Physical consolidation of water systems;
3) Financial need/affordability;
4) Population (scores are triple scores awarded for construction projects); and
5) Growth center impact.

Projects are only scored when there is a shortage of funds.

10.2.6. Priority List Applications

Applications will be accepted on a continuing basis.

10.2.7. Loan Recipients

The highest priority projects on the priority list will be funded as funds become available.

10.2.8. Loan Applications

Water systems will generally be given 60 days to submit a loan application following notification of available funds.

10.2.9. Loan Consolidation Requirement

Consolidation of the planning loan with a loan from the construction loan fund for the water system improvements will be required as a loan condition. Consolidation will be made when the construction loan is finalized following completion of construction.

10.2.10. Procurement Requirements

Procurement requirements will be included in loan agreements. All professional service contracts will require review and approval of scope of services, level of effort, and cost. All feasibility studies, planning documents, preliminary engineering reports, and plans and specifications require review and approval by the Water Supply Division. Costs incurred prior to a commitment of loan funds by DEC are not eligible for a loan.

10.2.11. Repayment

The first loan repayment will be two years after last loan disbursement or approval of the engineering report or final design, whichever occurs first, except for those loans that are eligible for forgiveness, in which case the repayment starts five years after last loan disbursement or engineering report or design approval. Under certain circumstances up to $50,000 of the unpaid balance of a planning loan to a municipality may be forgiven by the Secretary following the completion of project construction. The following criteria must be satisfied to obtain loan forgiveness; the Secretary's determinations on loan forgiveness shall be final. Potential eligible preliminary engineering and design cost will be determined by DEC using DEC guidance documents (Engineering Fee Allowance Curve) and the completed documented construction cost eligible for revolving loan funding.

1) General Criteria
   a. Must demonstrate capacity,
   b. Must be in compliance with the Water Supply Rule including any temporary operating permit or other compliance schedule,
   c. Must be current on fees,
   d. Improvements for which planning loan was provided must be completed in accordance with a Water Supply Division construction permit.
   e. All construction permit requirements must be satisfied including O & M manual and as-builts.
   f. Loan agreement must be executed following the effective date of the authorizing legislation (June 16, 2001).
2) Specific Criteria. The project must meet at least one of the following specific criteria.
   a. Construction of the project was completed using non-Drinking Water State Revolving Loan Funds (DWSRF) and the project did not receive other appropriated state funds for project costs.
   b. The project serves a small population. The maximum forgiveness shall be $25,000. Projects for systems serving populations of 300 or less shall receive 100% of eligible forgiveness. The percent eligible for forgiveness for systems serving 300 to 500 population shall be reduced by 0.5% for an increase of one in design population. Systems serving populations of 500 and above will not be eligible for forgiveness under this provision.
   c. User rates exceed 2% of the median household income. The amount of forgiveness will be determined by increasing the amount of forgiveness until the 2% target, the $50,000 maximum, the amount of the unpaid balance or the eligible preliminary engineering and design cost is reached. The annual planning loan cost to the municipality will be determined using construction loan terms and interest rates for DWSRF funded projects.

10.3. Source Protection Loans

10.3.1. Eligible Organizations

Municipal water systems are eligible for source protection loans.

10.3.2. Eligible Projects

For purchasing land or conservation easements in order to protect public water sources and ensure compliance with state and federal drinking water regulations.

Source must have hydrogeologically delineated source protection area (no 3000' radius source protection areas) and an approved source protection plan prior to loan award.

Water system must demonstrate how the project will directly promote public health protection or compliance with national drinking water regulations.

10.3.3. Loan Terms and Rates

Source Protection Loans are at 3% interest for a term of 20 years.

10.3.4. Maximum and Minimum Loan Amounts

The maximum loan amount is $200,000. There is no minimum loan amount.

10.3.5. Project Ranking

The Water Supply Division maintains a project priority list for source protection loans. A priority score is established for each eligible project by assigning points based on established criteria. The criteria, most of which are the same as for construction projects, include the following general categories:

1) Population;
2) Financial need/affordability;
3) Downtown area preference;
4) Source protection.

10.3.6. Priority List Applications

Applications will be accepted on a continuing basis.

10.3.7. Loan Recipients

The highest priority projects on the priority list will be funded when funds become available.

10.3.8. Loan Applications

Water systems will be required to submit a project schedule for approval by the Water Supply Division within 30 days of notification of available funding.

10.3.9. Loan Conditions

Loan conditions on land use may include:

1) Management in accordance with source protection plan;
2) Prohibition of sale as long as source is an approved water source;
3) Requirement for an annual inspection and report.

10.3.10. Procurement Requirements

Procurement requirements will include:

1) A minimum of two appraisals will be required for evaluation purposes;
2) Proposed easements and purchase agreements will require review and approval by WSD;
3) Normal closing requirements, such as title search, will apply;
4) Purchase must be from a willing seller.

10.3.11. Repayment

Payments begin one year after last loan disbursement.

10.4. All Loans

10.4.1. Lack of technical, managerial and financial capability

A loan fund may not provide any type of assistance to a system that lacks the technical, managerial or financial capability to maintain SDWA compliance, unless the owner or operator of the system agrees to undertake feasible and appropriate changes in operation or if the use of the financial assistance will ensure capacity over the long-term.

The Water Supply Division will make a determination on system capacity based on information available in Water Supply Division records, the priority list application, completion of the capacity evaluation form at the pre-application meeting, and the loan application. Some considerations include current compliance status with requirements for an operation and maintenance manual, operator certification, water quality monitoring, source protection plan, payment of lawful fees, groundwater under the influence determination, sanitary survey recommendations, and long range planning. Financial capacity determination will also consider current and projected water rates, delinquent water accounts, and financial planning.

The existence of an active organization with identified responsible officials and business practices with respect to customer complaints will be considerations in managerial capability determinations.

Loan applications will rarely be rejected based on capability determinations (e.g., capacity determination), however, loan agreements will frequently include corrective action requirements to improve capability.

10.4.2. Loan Application Fees

There are no application fees, however an administrative fee will be charged on some loans.

10.4.3. Loan Disbursements

Loan disbursements will be made in accordance with the loan agreement, however, only one disbursement will be allowed in a calendar month and disbursements must be for expenses incurred and paid. An estimated disbursement schedule will be required at the time of loan execution.

10.4.4. Loan Repayment

Loan repayment requirements will be specified in the loan agreement; however, repayments must start no later than 1 year after project completion.

10.4.5. Financial Capability to Repay Loan

The Vermont Municipal Bond Bank shall make these determinations for all loans to municipal organizations and the Vermont Economic Development Authority (VEDA) will make these determinations for all loans to private organizations.

The Bond Bank and VEDA make the loans on behalf of the state. Applicants must submit the necessary applications and other information to these entities as necessary for processing the loans.

11. Appendix 4: Funding Commitments

Below is a summary of loan commitments to be made for prior years' fundable projects.

Remaining Loan Awards for Projects on Prior Fiscal Years' PPLs	
Water System	Loan Amount
Cavendish Loan Amendment	$373,797
South Alburgh FD2 Loan Amendment	$483,064
Catamount/Bolton (Bolton) Loan Amendment	$511,457
Verdmont MHP (Waistfield) Loan	$50,000
Waitsfield Elementary School Loan	$50,000
Royal Pine Villa MHP (Pownal) Loan Amendment	$55,075
Castleton FD1 Loan Amendment	$2,385,000
Windy Hill Acres MHP (Springfield) Loan	$166,420
Elmore Water Cooperative Loan	$225,000
Twinfield Union School District 33 Loan Amendment (Marshfield)	$16,731
Randolph Loan	$1,900,000
Okemo Village HOA Loan Amendment	$40,000
Bennington Loan	$180,000
Barre Town Loan (added to FFY08 Amended List)	$83,000
Total	$6,519,544

IVI

ELIZABETH A. PEARCE
STATE TREASURER

RETIREMENT DIVISION
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FAX: (802) 828-5182

UNCLAIMED PROPERTY DIVISION
TEL: (802) 828-2407

ACCOUNTING DIVISION
TEL: (802) 828-2301
FAX: (802) 828-2884

STATE OF VERMONT
OFFICE OF THE STATE TREASURER

TO: Theresa Utton-Jerman, Staff Associate, Legislative Joint Fiscal Committee, House Committee on Appropriations

FROM: Lisa Helme, Office of the State Treasurer
RE: Legislative Reporting Requirements

Please accept the attached legislative reporting pages from the State Treasurer's 2010 Annual Report. The report in its entirety was submitted as required by statute to the Legislative Council on January 14, 2010. That report is available online both on the Vermont State Legislature web site under legislative reports and on the State Treasurer's web site, also under the reports section.

109 STATE STREET • MONTPELIER, VERMONT 05609-6200
TREASURER: (802) 828-1452 • TOLL-FREE (in VT only): 1-800-642-3191
www.vermonttreasurer.gov

Legislative Reporting Requirements

Brandon Training School/Vermont Veterans' Home

Section 23 of Act 62 of the Public Acts of 1995 specifies that the State Treasurer shall notify the chairs of the Senate and House Institutions committees upon receipt of monies from the sale of the Brandon Training School property, as well as certain federal receipts associated with the Vermont Veterans' Home. For fiscal year ending June 30, 2010, the State has timely received amounts due from the federal government associated with the Vermont Veterans' Home. The last three buildings belonging to the Brandon Training School were sold on February 9, 2010. Final receipt for this sale will be in February, 2011.

Credit Card Payments

The Treasurer's Office contracts with TD Bank Merchant Services Group, a division of TD Bank, N.A., to provide credit and bank card services. Acceptance of credit and debit card payments is broadly practiced in many agencies and departments as a method of payment of registration fees, licenses, penalties, fines, durable goods, park reservations, interest, and payment of taxes. Credit and debit card acceptance provides our customers, the citizens of Vermont, with a more convenient method of payment. In addition to public convenience, electronic processing of consumer and business purchases improves governmental cash flows, offers greater financial security, and reduces the overhead costs associated with the handling of currency.

The Vermont Information Consortium (VIC) provides credit card services to some Vermont agencies and departments that accept credit card and debit card payments for transactions conducted by cardholder via the internet. The Court Administrator has worked with VIC since February, 2007, to allow for the payment of fines and fees by credit card. In the fiscal year ending June 30, 2010, approximately 37,798 transactions were processed with $5,996,206.10 collected. Of those transactions, 29,742 were conducted by users over the internet, with the remaining 8,056 transactions processed either in person, at a district court, or over the phone. A convenience fee of $3.75 is currently charged to users of the service each time a

Credit Card Accounts Summary

DEPARTMENT	TOTAL SALES	TOTAL FEES
VT Dept. of Liquor Control	21,549,955.48	447,860.18
VT Agency of Transportation	16,944,195.81	296,225.07
VT Dept. of Taxes	4,175,302.53	110,779.61
VT Forest, Parks & Recreations	2,944,788.84	62,722.87
VT Fish and Wildlife Dept.	1,340,960.42	26,530.07
VT Life Magazine	43,745.44	1,261.22
VT Secretary of State	2,709,256.52	66,882.11
VT Judicial/Courts	6,712,694.88	14,125.99
VT Center for Crime Victims/Restitution Unit	222,849.18	4,162.75
VT Dept of Health	155,315.11	3,665.87
VT Dept of Environmental Conservation	11,272.94	415.94
VT Dept of Historic Preservation/Historic Sites	159,651.53	4,914.05
VT Dept of Children & Family Services	930,445.52	21,727.66
VT Dept of Public Safety*	468,498.75	
Total	58,368,932.95	1,061,273.39

* Cardholders using this service pay a convenience fee, which offsets all of the card processing fees for this service for this reporting period.

VII "online"

http://finance.vermont.gov/state_bugget/rec/c4c

CHALLENGES FOR CHANGE

QUARTERLY PROGRESS REPORT

PREPARED FOR:
GOVERNMENT ACCOUNTABILITY COMMITTEE

January 3, 2011

VIII

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

MEMORANDUM

TO: Joint Fiscal Committee
FROM: Jeb Spaulding, Secretary of Administration
DATE: February 2, 2011
RE: Report on Allotments – 32 VSA Sec 705(c)

Jeb Spaulding

In accordance with 32 VSA Sec 705(c), I am reporting that no allotments were made during the quarter 10/1/10 – 12/31/10.

VERMONT

A.

VERMONT

Department of Vermont Health Access
SFY 11 Catamount Health Actual Revenue and Expense Tracking
Friday, January 21, 2011

	SFY '11 BAA			Consensus Estimates for SFY to Date			Actuals thru 12/31/10			
	<=200%	*>200%*	*Total*	*<=200%*	*>200%*	*Total*	*<=200%*	*>200%*	*Total*	*% of SFY to-Date*
TOTAL PROGRAM EXPENDITURES										
Catamount Health	41,787,258	15,432,576	57,219,834	19,863,166	7,305,775	27,168,941	18,312,075	8,811,610	27,123,685	99.83%
Catamount Eligible Employer-Sponsored Insurance	1,557,244	802,257	2,359,501	740,034	372,131	1,112,166	531,249	243,071	774,320	69.62%
Subtotal New Program Spending	43,344,502	16,234,833	59,579,335	20,603,201	7,677,906	28,281,107	18,843,324	9,054,682	27,898,005	98.65%
Catamount and ESI Administrative Costs	1,554,749	1,142,276	2,697,025	777,375	571,138	1,348,513	777,375	571,138	1,348,513	100.00%
TOTAL GROSS PROGRAM SPENDING	44,899,251	17,377,109	62,276,360	21,380,575	8,249,044	29,629,620	19,620,698	9,625,820	29,246,518	98.71%
TOTAL STATE PROGRAM SPENDING	16,046,131	7,316,623	23,362,755	6,422,725	3,475,646	9,898,371	5,894,058	3,972,576	9,866,633	99.68%
TOTAL OTHER EXPENDITURES										
Immunizations Program	-	2,500,000	2,500,000	-	1,250,000	1,250,000	-	1,250,000	1,250,000	100.00%
VT Dept. of Labor Admin Costs Assoc. With Employer Assess.	-	394,072	394,072	-	197,036	197,036	-	197,036	197,036	100.00%
Marketing and Outreach	500,000	-	500,000	250,000	-	250,000	250,000	-	250,000	100.00%
Blueprint	-	1,846,713	1,846,713	-	923,357	923,357	-	923,357	923,357	100.00%
TOTAL OTHER SPENDING	500,000	4,740,785	5,240,785	250,000	2,370,393	2,620,393	250,000	2,370,393	2,620,393	100.00%
TOTAL STATE OTHER SPENDING	206,350	4,740,785	4,947,135	103,175	2,370,393	2,473,568	75,100	2,370,393	2,445,493	98.86%
TOTAL ALL STATE SPENDING	16,252,481	12,057,408	28,309,890	6,525,900	5,846,039	12,371,939	5,969,158	6,342,968	12,312,126	99.52%
TOTAL REVENUES										
Catamount Health Premiums	5,775,190	4,653,264	10,428,454	2,772,532	2,255,290	5,027,823	2,477,890	2,208,110	4,686,000	93.20%
Catamount Eligible Employer-Sponsored Insurance Premiums	411,090	355,978	767,068	191,783	167,554	359,337	164,944	127,863	292,807	81.49%
Subtotal Premiums	6,186,279	5,009,242	11,195,522	2,964,315	2,422,845	5,387,160	2,642,834	2,335,973	4,978,807	92.42%
Federal Share of Premiums	(3,965,450)	(2,941,143)	(6,906,593)	(2,073,835)	(1,422,937)	(3,496,771)	(1,848,927)	(1,371,917)	(3,220,844)	92.11%
TOTAL STATE PREMIUM SHARE	2,220,829	2,068,100	4,288,929	890,480	999,908	1,890,388	793,907	964,056	1,757,963	92.99%
Cigarette Tax Increase ($.60 / $.80)			9,408,500			4,704,250			5,439,270	115.62%
Employer Assessment			7,600,000			3,800,000			4,686,000	123.32%
Interest			-			-			1,123	0.00%
TOTAL OTHER REVENUE			17,008,500			8,504,250			10,126,393	119.07%
TOTAL STATE REVENUE	2,220,829	2,068,100	21,297,429	890,480		10,394,638	793,907		11,884,357	114.33%
State-Only Balance			(7,012,461)			(1,977,300)			(427,769)	
Carryforward			793,641			793,641			793,641	
CATAMOUNT FUND (DEFICIT)/SURPLUS			(6,218,820)			(1,183,659)			365,872	
General Fund BAA to GC on Behalf of Catamount			7,822,019			3,911,010			3,911,010	100.00%
ALL FUNDS THAT SUPPORT CATAMOUNT (DEFICIT)/SURPLUS			1,603,199			2,727,350			4,276,882	

NOTE: The total program expenditures include both claims and premium costs

Green Mountain Care Enrollment Report

December 2010

TOTAL ENROLLMENT BY MONTH

	Jul-07	Nov-07	Jul-08	Nov-08	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	June 10	July 10	Aug 10	Sept 10	Oct 10	Nov 10	Dec 10
Adults:																	
VHAP-ESIA	-	35	672	759	968	958	954	952	942	923	926	926	921	906	873	871	899
ESIA	-	21	336	499	698	708	744	749	745	759	729	702	731	729	768	760	764
CHAP	-	320	4,608	6,120	9,138	9,339	9,503	9,755	10,163	9,902	9,943	9,823	9,839	10,087	9,891	9,898	9,630
Catamount Health	-	120	697	932	2,088	2,186	2,217	2,267	2,277	2,307	2,349	2,463	2,474	2,491	2,483	2,552	2,498
Total	**-**	**496**	**6,313**	**8,310**	**12,892**	**13,191**	**13,418**	**13,723**	**14,127**	**13,891**	**13,947**	**13,914**	**13,965**	**14,213**	**14,015**	**14,081**	**13,791**

	Jul-07	Nov-07	Jul-08	Nov-08	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	June 10	July 10	Aug 10	Sept 10	Oct 10	Nov 10	Dec 10
Adults:																	
VHAP	23,725	24,849	26,441	26,860	33,067	33,469	33,965	35,010	36,010	34,801	34,570	35,329	35,408	35,852	36,019	35,730	36,669
Other Medicaid	69,764	69,969	70,947	35,601	38,411	37,852	39,053	39,181	39,483	39,266	39,368	39,481	39,590	38,663	39,913	39,777	39,414
Children:																	
Dr Dynasaur	19,738	19,733	19,960	20,511	20,472	20,503	20,489	20,602	20,707	20,262	19,882	19,898	19,608	19,891	20,051	20,141	21,120
SCHIP	3,097	3,428	3,396	3,527	3,451	3,405	3,432	3,514	3,564	3,513	3,478	3,478	3,500	3,508	3,613	3,587	3,539
Other Medicaid*	Included	Included	Included	34,015	38,116	38,261	38,678	38,531	38,862	39,325	39,157	39,846	38,015	39,142	39,349	38,942	38,265
Total	**116,324**	**117,979**	**120,744**	**120,514**	**133,517**	**133,490**	**135,617**	**136,838**	**138,626**	**137,167**	**136,455**	**138,032**	**136,121**	**137,056**	**138,945**	**138,177**	**139,007**
TOTAL ALL	**116,324**	**118,355**	**127,057**	**128,824**	**146,409**	**146,681**	**149,035**	**150,561**	**152,753**	**151,058**	**150,402**	**151,946**	**150,086**	**151,269**	**152,960**	**152,258**	**152,798**

KEY:

*** Prior to November 2008, the numbers for Other Medicaid included both children and adults enrolled in this eligibility category**

VHAP-ESIA = Eligible for VHAP and enrolled in ESI with premium assistance

ESIA = Between 150% and 300% and enrolled in ESI with premium assistance

CHAP = Between 150% and 300% and enrolled in Catamount Health with premium assistance

Catamount Health = Over 300% and enrolled in Catamount Health with no premium assistance

VHAP = Enrolled in VHAP with no ESI that is cost-effective and/or approvable

Dr. Dynasaur = Enrolled in Dr. Dynasaur

SCHIP = Enrolled in SCHIP

Totals do not include programs such as Pharmacy, Choices for Care, Medicare Buy-in

Data on the range and types of ESI plans has not been included in this report, but will be included as soon as the data is available.

Green Mountain Care Enrollment Report

December 2010 Demographics

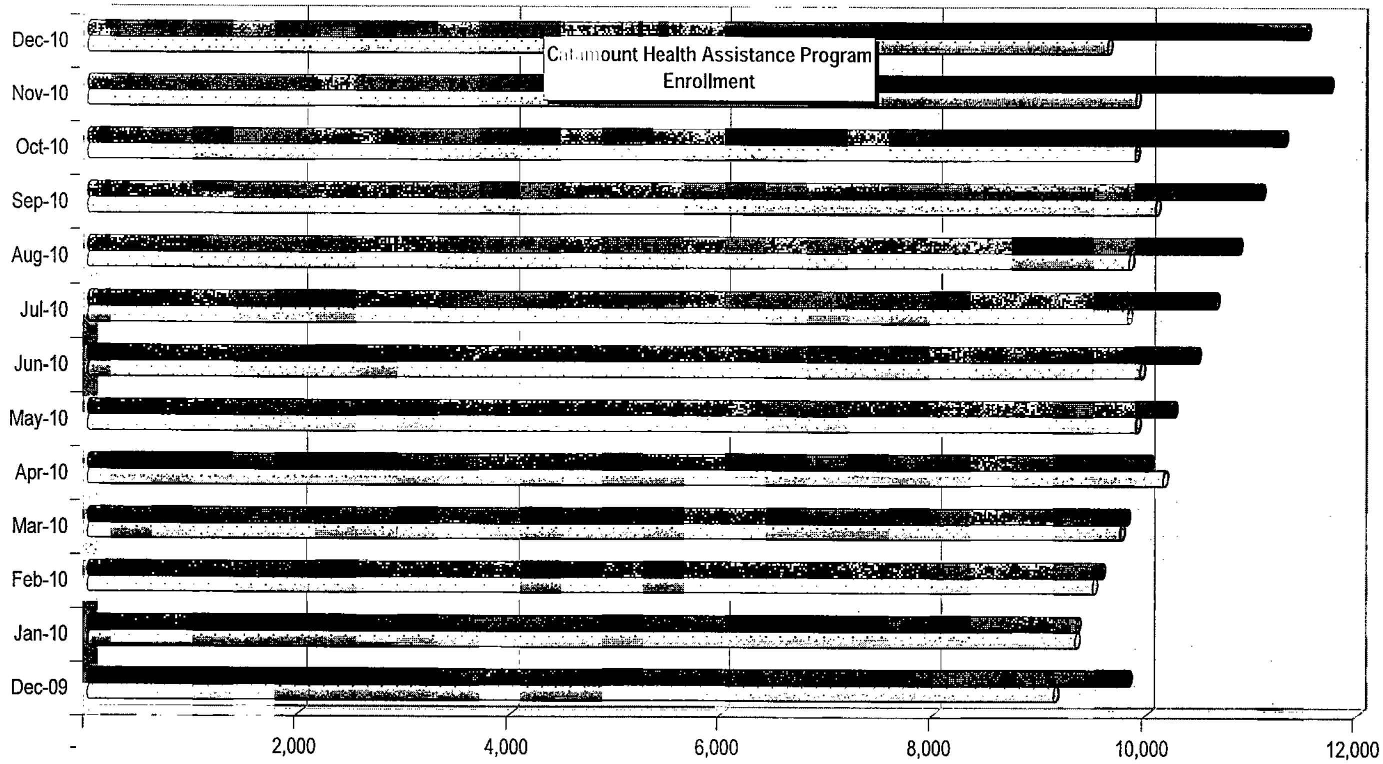
Income	VHAP-ESIA*	ESIA*	CHAP*	TOTAL
0-50%	13 [redacted]	1	5[redacted]	
50-75%	36 [redacted]	1	[redacted]	
75-100%	112	3	100	
100-150%	453	7	3[redacted]	
150-185%	267	235	3522	
185-200%	8	267	2352	
200-225%	[redacted]	135	1257	
225-250%	3	65	870	
250-275%	1	43	441	
275-300%	[redacted]	7	132	
Total	**899**	**764**	**9,630**	**11,293**
Age	**VHAP-ESIA**	**ESIA**	**CHAP**	**TOTAL**
18-24	53	92	1860	
25-35	280	191	1765	
36-45	328	215	1511	
46-55	197	194	2001	
56-64	41	72	2471	
65+	-	-	22	
Total	**899**	**764**	**9,630**	**11,293**

Green Mountain Care Enrollment Report (continued)

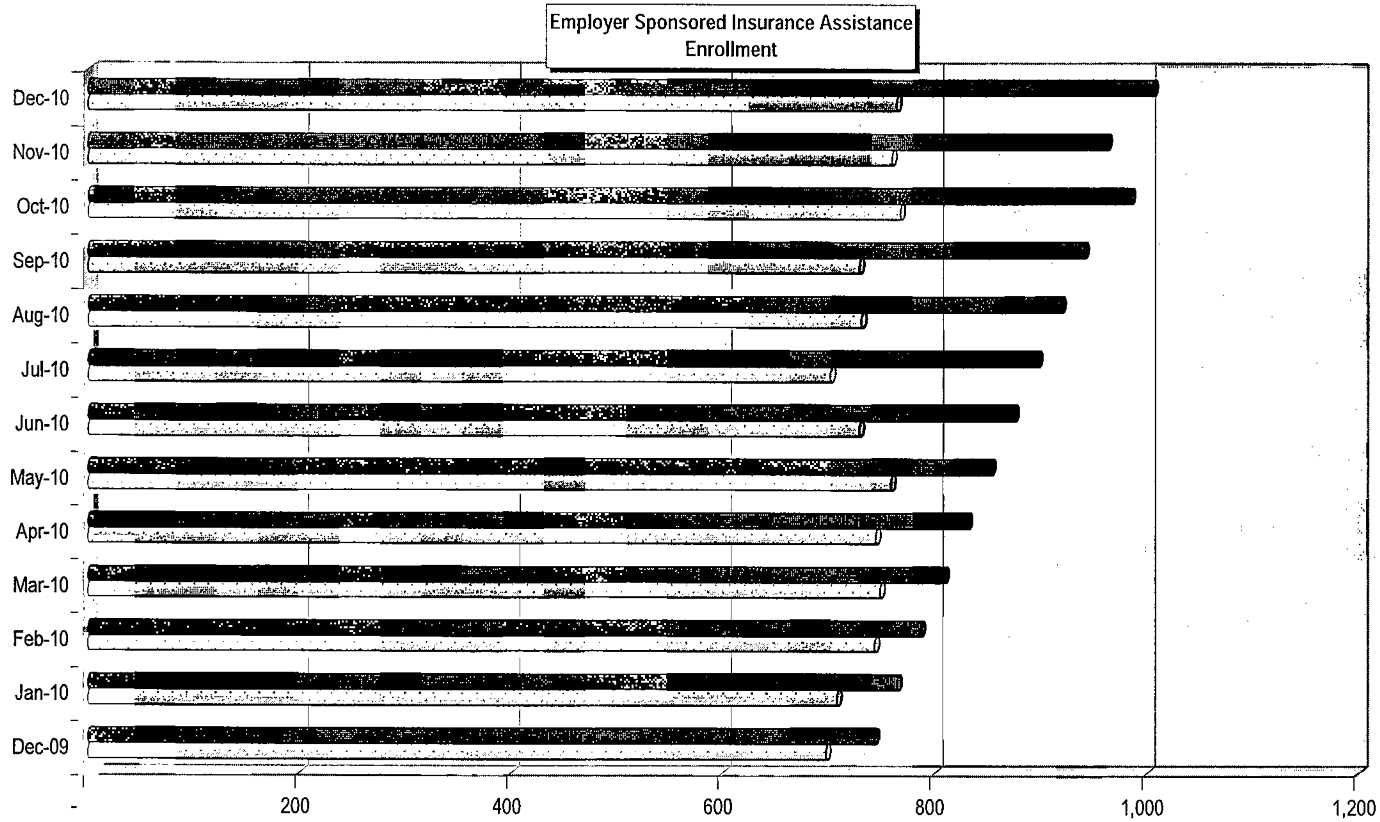
December 2010 Demographics

Gender	VHAP-ESIA	ESIA	CHAP	TOTAL
Male	327	278	4123	
Female	572	486	5507	
Total	**899**	**764**	**9,630**	**11,293**

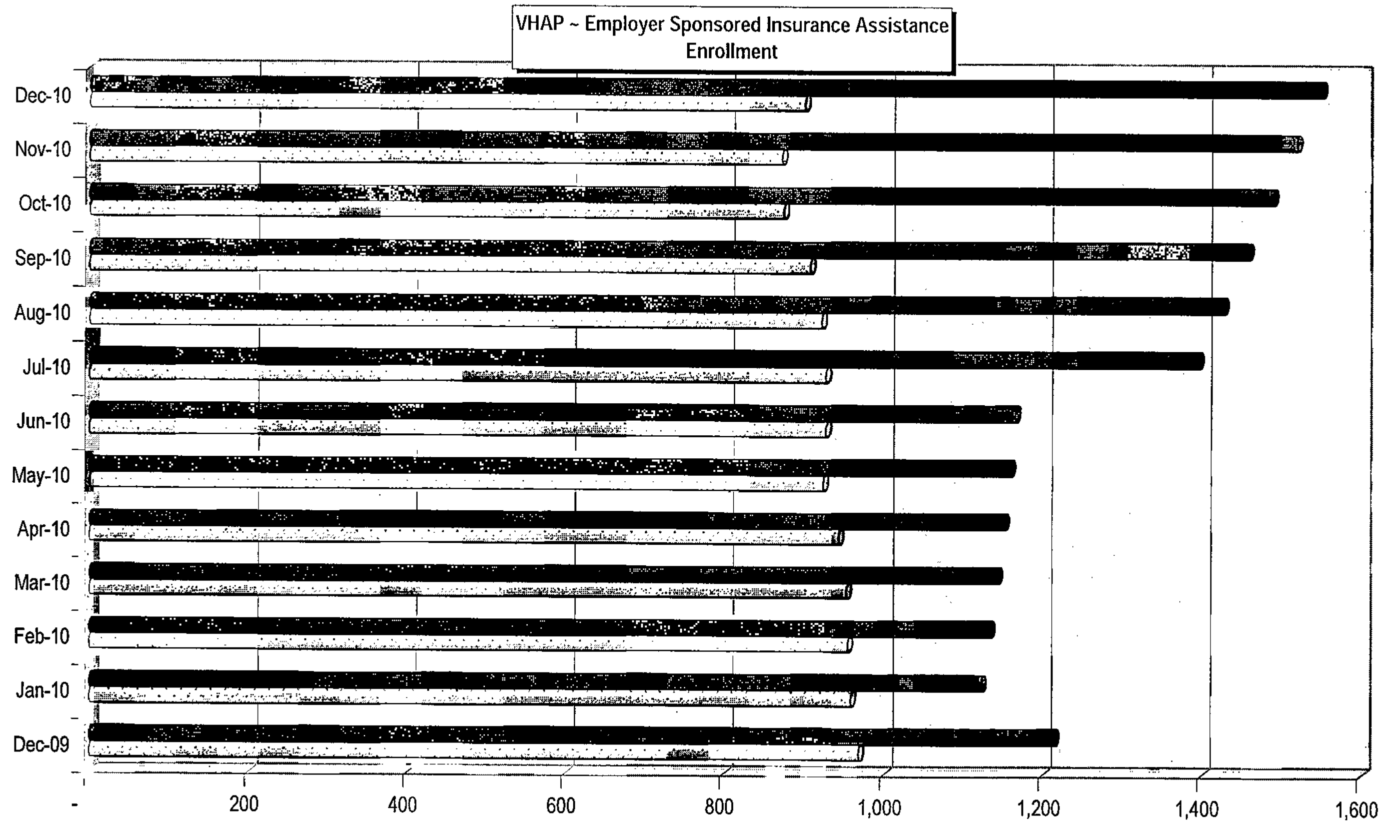
County	VHAP-ESIA	ESIA	CHAP	TOTAL
Addison	50	39	554	
Bennington	80	81	629	
Caledonia	24	35	577	
Chittenden	171	183	1880	
Essex	9	4	127	
Franklin	76	47	622	
Grand Isle	10	3	113	
Lamoille	63	48	483	
Orange	45	27	455	
Orleans	56	45	525	
Other	-	1	3	
Rutland	111	88	1003	
Washington	74	58	933	
Windham	56	57	781	
Windsor	74	48	945	
Total	**899**	**764**	**9,630**	**11,293**



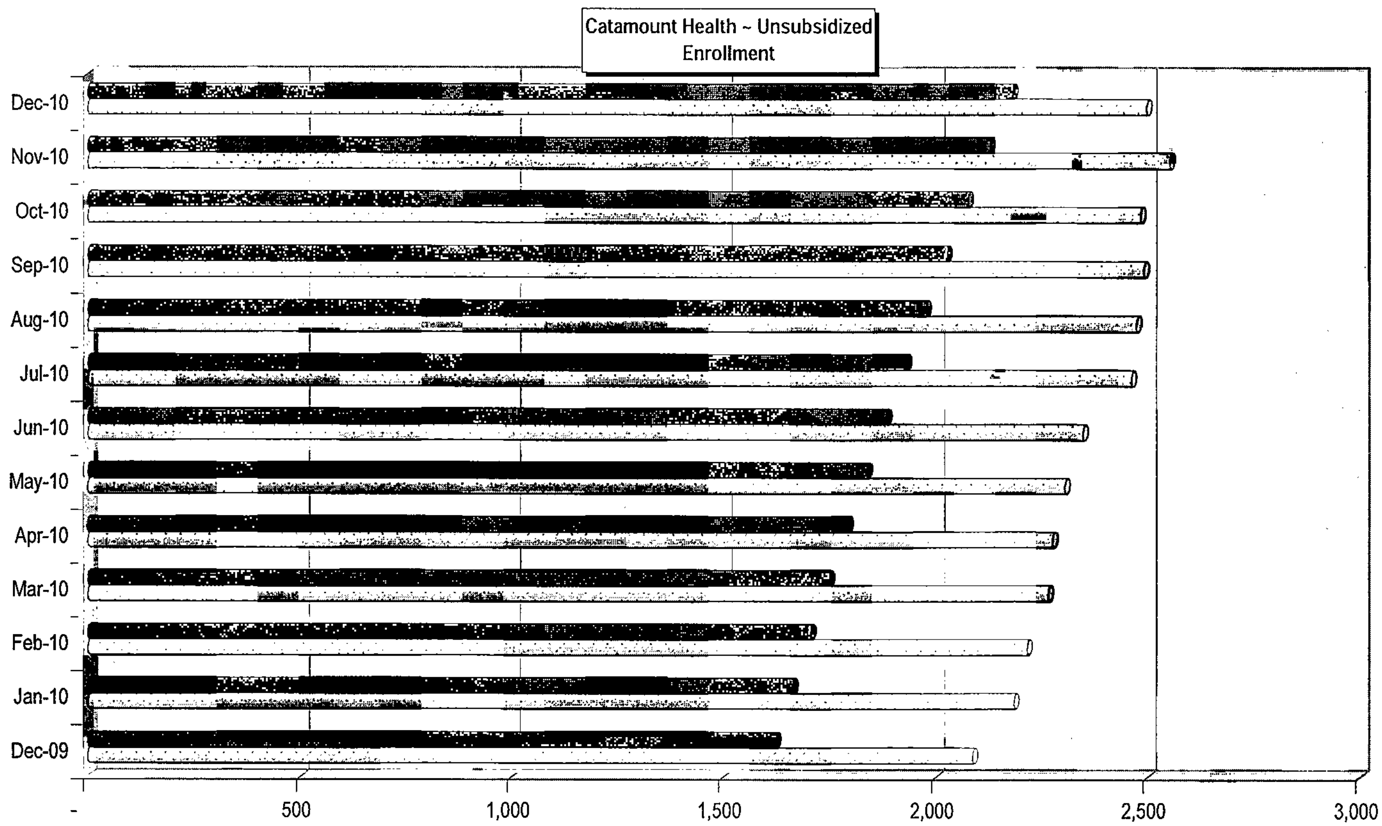
	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
■ Projected	9,822	9,349	9,577	9,803	10,028	10,250	10,472	10,649	10,867	11,083	11,297	11,722	11,510
□ Actual	9,138	9,339	9,503	9,755	10,163	9,902	9,943	9,823	9,839	10,087	9,891	9,898	9,630



	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Projected	744	765	787	809	831	853	875	897	919	940	984	962	1,006
Actual	698	708	744	749	745	759	729	702	731	729	768	760	764



	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
■ Projected	1,214	1,122	1,132	1,141	1,150	1,157	1,164	1,395	1,426	1,456	1,487	1,518	1,549
□ Actual	968	958	954	952	942	923	926	926	921	906	873	871	899



	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
■ Projected	1,623	1,664	1,705	1,748	1,792	1,836	1,882	1,929	1,978	2,027	2,078	2,130	2,183
□ Actual	2,088	2,186	2,217	2,267	2,277	2,307	2,349	2,463	2,474	2,491	2,483	2,552	2,498

1 BALDWIN STREET,
MONTPELIER, VT 05633-5701

PHONE: (802) 828-2295
FAX: (802) 828-2483

B.

STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee Members

From: Nathan Lavery, Fiscal Analyst

Date: January 3, 2011

Subject: Small Grant & Gift Quarterly Report

In accordance with the provisions of 32 V.S.A. § 5(a)(3), the Joint Fiscal Office is required to submit quarterly reports for small grant and gift requests with a value of $5,000 or less.* For the quarter ending June 30, 2010, the Joint Fiscal Office received notification of the following items:

1. $1000.00 grant from the St. Albans Cooperative Creamery to the Agency of Agriculture, Food & Markets. This funding will support the Farm First program's efforts to provide Vermont dairy producers support and resources for a range of issues, including legal, financial, and family issues.
   [JFO received 10/8/2010]

2. $750.00 donation from the Transportation Systems Institute, University of Vermont Transportation Research Center to the Agency of Transportation. This donation consisted of a Kindle Wireless Reading Device and an Apple IPad, but of which were provided to assist Vermont attendees of the Transportation Systems Institute.
   [JFO received 10/18/2010]

32 V.S.A. § 5(a)(3):
(3) This section shall not apply to the acceptance of grants, gifts, donations, loans, or other things of value with a value of $5,000.00 or less, or to the acceptance by the department of forests, parks and recreation of grants, gifts, donations, loans, or other things of value with a value of $15,000.00 or less, provided that such acceptance will not incur additional expense to the state or create an ongoing requirement for funds, services, or facilities. The secretary of administration and joint fiscal office shall be promptly notified of the source, value, and purpose of any items received under this subdivision. The joint fiscal office shall report all such items to the joint fiscal committee quarterly.

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* Act 146 of the Acts of 2009 Adj. Session (2010), Sec. B.15 amended 32 V.S.A. § 5(a)(3) to permit the Department of Forests, Parks and recreation to accept grants with a value of up to $15,000 under the "small grants" procedure. This change was part of the "Challenges for Change" initiative.

C. (Just Report)

Theresa Utton-Jerman - 7Days Article re ENVY

From: Catherine Benham
To: Joint Fiscal Committee; Klein, Tony; Lyons Virginia
Date: 1/12/2011 2:17 PM
Subject: 7Days Article re ENVY
CC: Adler, Aaron; Levin, Rachel

Dear JFC and Chairs of Natural Resources and Energy Committees,
Here is the 7 days article I mentioned in my previous email.
Catherine

Catherine Benham
Vermont Joint Fiscal Office
802-828-0111
802-828-2483 fax

>>> On 1/12/2011 at 12:35 PM, Margaret Gundersen <fairewinds@mac.com> wrote:

Steve & Catherine,

This is in today's Seven Days. Just so you know, Ken Picard contacted us last week and asked to meet with Arnie to find out what he was preparing for the Decommissioning Report. He interviewed Arnie on Thursday. I know Arnie did review some completed sections with Ken.

best wishes,
Maggie

Margaret Gundersen, Paralegal
President, Fairewinds Associates, Inc
www.fairewinds.com
802-865-9955 - office
802-238-5053 - cell
maggie@fairewinds.com

http://www.7dvt.com/2011vermont-yankee-decommissioning-cost

SEVEN DAYS
VERMONT'S INDEPENDENT VOICE
Published on *Seven Days* (http://www.7dvt.com)

Report Asks Entergy to Update Price Tag on Dismantling Reactor

Local Matters

By Ken Picard [01.12.11]

The owner of Vermont Yankee needs to provide “updated and independent” cost estimates for decommissioning its Vernon nuclear power plant, because both the technical data and underlying financial assumptions in a 2007 analysis are inaccurate and outdated.

That’s the chief recommendation of a new report, prepared for the Vermont legislature’s Joint Fiscal Office and Joint Fiscal Committee, by two of the state’s leading experts on nuclear power. In their report, Arnie and Maggie Gundersen raise questions about the decommissioning plan prepared for Entergy Nuclear Vermont Yankee by its own consulting firm, TLG Services.

“The whole TLG report is wrong,” charges Arnie Gundersen of Fairewinds Associates, a Burlington consulting firm hired by the legislature to scrutinize VY’s decommissioning plans. “So, we’re going down the road based on no good information on what it’s going to cost to decommission this plant.”

Gundersen’s report is the second of three that Fairewinds has prepared for the JFO and JFC.

A former nuclear industry insider, Gundersen claims there’s a new methodology for dismantling defunct reactors since TLG submitted its last decommissioning report in 2007. The updated approach, which is being used to dismantle the Zion Nuclear Power Station just north of Chicago, dramatically reduces the cost estimates for decommissioning. But the projected quantity of resulting radioactive debris works out to be much greater than originally anticipated.

If Gundersen’s claim is correct, there may not be enough room at the west-Texas nuclear-storage dump to accommodate Vermont Yankee’s waste — especially since a judge ruled last week that the facility can accept low-level radioactive waste from 36 other states. The Texas site may eventually run out of usable “real estate” — that is, reach its legal capacity for total radioactivity — before the facility is fully dismantled, notes Gundersen, who has decommissioned nuke plants before. He says the process will take at least 10 years, even if it begins the day the plant closes.

Vermont Yankee’s 40-year license is due to expire next year. Both the Vermont legislature and newly elected Gov. Peter Shumlin have expressed opposition to Entergy’s application to renew the plant’s license for another 20 years.

This week's report by Fairewinds Associates also raises doubts about the financial soundness of Vermont Yankee's decommissioning fund.

In December 2007, Fairewinds released a "white paper" predicting that there may not be enough money in the decommissioning fund to dismantle the plant when it reaches the end of its usable life.

The global recession didn't help. The fund lost about $100 million over the course of two years, but has since recovered.

Last fall, in response to a legislature directive, Vermont State Auditor Tom Salmon released the results of a three-year audit that declared the decommissioning fund was financially sound. However, Gundersen claims he's since been in touch with a high-level trust banker from a "well-respected financial institution" who's voiced serious doubts about the findings of Salmon's audit.

The banker, who asked to remain anonymous, told Gundersen he's concerned about the level of risk exposure in one of the three investment funds that make up the larger decommissioning portfolio.

Although in the report he concedes that "the assets appear to be housed in a safe location," the banker warns, "there is no disclosure of the individual equities. I do find this odd. At the minimum I think the state should have in their files a list of the individual holdings at regular intervals. Without this, it is very difficult to benchmark performance or to get a sense of risk."

A more glaring discrepancy in TLG Service's 2007 decommissioning cost analysis is a projected $200 million expense for storing spent reactor fuel, which must be stored on-site indefinitely. Entergy officials have since acknowledged they can sue the U.S. Department of Energy to recoup those spent-fuel storage costs, since the federal government never opened the Yucca Mountain nuclear waste repository in Nevada. Gundersen says it's unclear how current decommissioning estimates would be affected by that legal change.

The Fairewinds report recommends that a new, independent consulting firm unconnected to Yankee or its corporate parent, Entergy, prepare the updated decommissioning analysis. TLG, a nationally recognized nuclear decommissioning firm, was bought by Entergy in 2002.

Yankee spokesperson Larry Smith says he cannot comment on any of the Gundersens' claims until the report is made public and company officials have an opportunity to review its contents. Nevertheless, Smith says that last week's decision by the Low-Level Radioactive Waste Disposal Compact Commission in Texas to accept waste from other states shouldn't affect Vermont Yankee's decommissioning plans.

Many of the Gundersens' predictions about Vermont's aging reactor have come to pass.

For example, in 2003, when Yankee asked state regulators for permission to increase their power output by 20 percent, Arnie Gundersen warned that such an "uprate" would increase radiation levels exponentially at the facility's fence line, posing a potential public-health threat. He also warned that the extra stress on the system caused by running the plant 20 percent harder could cause a cooling tower to collapse. Both observations later proved prescient.

Similarly, in July 2009, Gundersen challenged Entergy officials' repeated claims that Vermont Yankee had no underground pipes that carry radioactive water. Several weeks later, elevated levels of radioactive tritium began showing up in underground monitoring wells.

Gundersen cannot say whether Entergy's cost estimates for the eventual dismantling of Vermont Yankee are too low or too high; as he points out, official estimates now range from less than $550 million to more than $900 million.

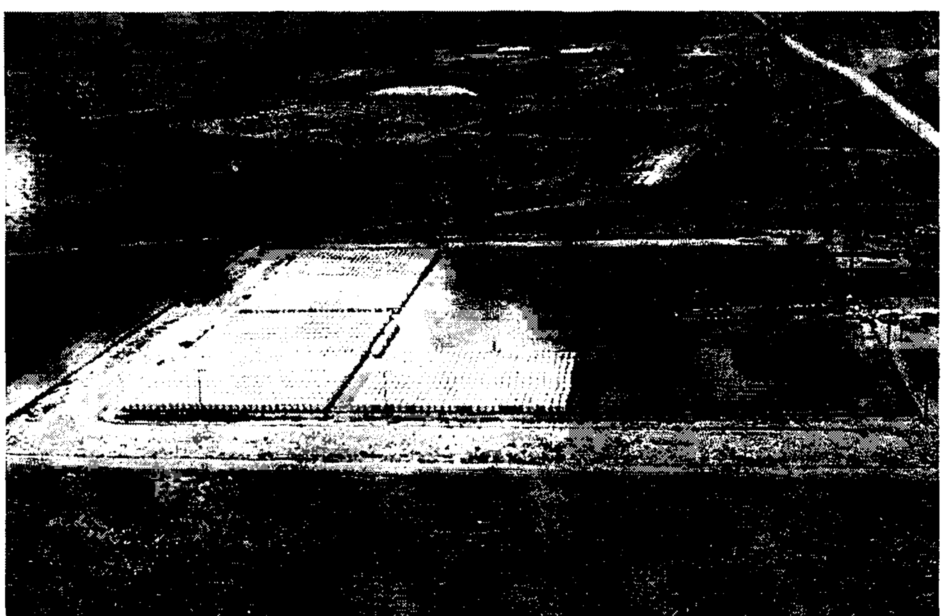
But regardless of the final price tag, he says, a new analysis is needed so as to clarify exactly what lawmakers are debating — in 2011 dollars.

Source URL: http://www.7dvt.com/2011vermont-yankee-decommissioning-cost

C.

Decommissioning the Vermont Yankee Nuclear Power Plant and Storing Its Radioactive Waste

By Fairewinds Associates, Inc
For the Joint Fiscal Committee
January 12, 2011



Canisters of radioactive waste awaiting burial at the Waste Control Specialist site. *Courtesy of WCS*

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January 12, 2011

Introduction

Recommendations

Introduction

Fairewinds Associates, Inc first notified the Vermont State Legislature of its concerns regarding the decommissioning fund for the Entergy Nuclear Vermont Yankee Nuclear Power Plant. Our initial decommissioning reports are:

- *Decommissioning The Vermont Yankee Nuclear Power Plant: An Analysis Of Vermont Yankee's Decommissioning Fund And Its Projected Decommissioning Costs, 11-2007*
- *Decommissioning Vermont Yankee Stage 2 Analysis of the Vermont Yankee Decommissioning Fund: The Decommissioning Fund Gap, 12-2007*

Other more recent Fairewinds Associates' reports are posted on the Joint Fiscal Office (JFO) website. http://www.leg.state.vt.us/jfo/

Recommendations

1. An updated and independent decommissioning analysis of the Vermont Yankee nuclear plant should be completed prior to any Legislative discussion of Vermont Yankee decommissioning costs.
2. The allocation of the Decommissioning Fund Stocks should be determined.
3. A new wholly independent contractor should be chosen to perform a new and updated decommissioning analysis.
4. Texas Compact Contract and By-Laws require significant review and adjustment in order to fully protect Vermont.

The aforementioned recommendations are based upon the following seven concerns:

Concern 1 Entergy's Vermont Yankee decommissioning analysis is technically and economically outdated.

While the Decommissioning Cost Analysis for the Vermont Yankee Nuclear Power Plant, TLG Services, Inc. January 2007 (Document E11-1559-002, Rev 0) is the decommissioning document of record for Entergy Nuclear Vermont Yankee (ENVY); it is technically and economically outdated. Created in 2006 and submitted to the Vermont Department of Public Service in January 2007, the TLG decommissioning analysis is more than 4-years-old and thus does not reflect current economic analysis or current technical changes.

1.1 First, escalation and inflation factors have changed and may no longer be accurate. Now that Vermont Yankee is only one-year away from the end of its license and ultimate decommissioning, it is imperative that accurate financial data be generated. The TLG report do not reflect the current US economic status and is based upon data and opinions created more than four-years ago under very different economic conditions.

1.2 Second, new technology has been developed which may dramatically decrease the cost of decommissioning, and those options have not been analyzed for their application to the decommissioning of Vermont Yankee. Located about 40-miles north of Chicago, the Zion Illinois nuclear power plant is applying a new methodology in nuclear decommissioning1. [See Attachment 1, Matt Wald, NY Times Zion Decommissioning]

1.3 Third, The new decommissioning method being applied at Zion increases the amount of radioactive waste shipped and stored at a waste disposal site at the same time it improves utilization of craftspeople onsite and thus reduces the overall cost of decommissioning a nuclear plant even while more radioactive waste is shipped. Since the net effect of this new approach is that more radioactive waste is generated, this new methodology, if applied at Vermont Yankee, will require more land at the Texas Compact waste disposal site. [See Concern 7: Shipping Vermont's Nuclear Waste to Texas.]

1.4 Fourth, new computer software has optimized the methodology for packaging radioactive waste material for shipment thus significantly reducing costs by optimizing the shipping

[1] *After the Nuclear Plant Powers Down*, Matthew L. Wald, *New York Times*, November 22, 2010. http://www.nytimes.com/2010/11/23/business/23nuke.html?_r=1&hp

size of the waste and associated shipping costs. [See Attachment 2, Decommissioning Software]

1.5 Fifth, the site is facing significant site contamination not assessed in ENVY's 2007 TLG report, and since the TLG report is also only based upon a standard generic industry-styled report, it does not accurately reflect any site anomalies. The January 2010 incident of underground pipes leaking radioactivity and contaminating the soil and on-site water table with Cesium-137, Strontium-90 and Cobalt-60, as well as tritium has yet to be factored into ENVY's site decommissioning costs.

1.6 Lastly, at the time the 2007 TLG Services Decommissioning Analysis was released, Fairewinds Associates, Inc expressed concerns regarding cash flow, site specificity, and conflict of interest, which are expanded upon in this report.

Concern 2 VY's numerous decommissioning estimates are extraordinarily divergent.
Fairewinds Associates, Inc recommends a new decommissioning cost analysis by an independent firm that is not a wholly owned subsidiary of Entergy like TLG Services is. Previous analysis by Fairewinds Associates, Inc that was presented to the House Natural Resources Committee during the 2010 legislative session has identified an extraordinary variation in decommissioning cost estimates among the various the Entergy TLG decommissioning reports created in 1991, 1996, 2001 and 2006.

Fairewinds Associates detailed this issue in two reports that are available on the Joint Fiscal Office Website.

- July 14, 2010 Report to the Joint Fiscal Committee entitled: Summation for 2009 to 2010 Legislative Year For the Joint Fiscal Committee Reliability Oversight, and
- A Comparison of TLG Services Projected Decommissioning Costs for Vermont Yankee April 2, 2010 Testimony.

The Table below briefly summarizes these two reports and shows the wide disparity in Entergy's estimates.

Summary of VY Decommissioning Projections from all four studies

1993	254,475	44,258	298,733	536,140	93,245	629,385
1999	480,806	37,500	518,306	740,179	57,730	797,909
2001	514,041	43,722	557,763	791,343	67,308	858,651
2006	468,844	40,053	508,897	593,237	50,679	643,916

Note - Costs escalated at 4% per year

Note that the above table escalates costs at 4% per year in order to accurately compare all four studies in 2012 dollars. Unlike the 1991, 1996, and 2001 studies, the 2006 TLG report combined both Independent Spent Fuel Storage Installation (ISFSI) and decommissioning costs. In writing this table, Fairewinds attempted to separate those two aspects, however the TLG report is written in such a way as to make cost separation very difficult.

Not only are the previous four TLG studies divergent, other experts have provided wildly differing opinions in testimony before the Vermont Public Service Board during a 2-week hearing process in 2009.

According to the May 19, 2009 Associated Press article, TLG's Entergy expert William Cloutier said that decommissioning costs for Vermont Yankee might exceed $900,000,000.

> MONTPELIER, Vt. (AP) - An expert on nuclear decommissioning says current estimates of the costs of dismantling the Vermont Yankee nuclear plant could be too low.
>
> William A. Cloutier Jr., a consultant to Vermont Yankee owner Entergy Nuclear, tells the Public Service Board that several factors could make the costs higher than the $800 million to $900 million now estimated.
>
> The testimony of Cloutier, who works for an Entergy affiliate, comes on the heels of the Vermont Legislature's passage of a bill that would require Entergy to shore up the Vermont Yankee decommissioning fund.

Yet only two-months after Entergy employee Cloutier stated that costs might in fact almost reach $1 Billion, the Department of Public Service engineer Uldis Vanags testified to the Public Service Board that the decommissioning costs for VY would be less than $560,000,000. Mr. Vanags, a health physicist who participated in the decommissioning of Maine Yankee, testified before the Vermont Public Service Board that the decommissioning costs at VY would be less than those at Maine Yankee ($560,000,000) because VY is:

> "fairly unique in that except for that one line from the chemistry drain line, that underground line carrying radionuclides that contaminated some soils underneath the building, oddly they don't have any other lines carrying radioactive effluents or materials underground, which was not the case at Maine Yankee." *Docket 7440, Public Service Board Hearing Transcript, June 2, 2009, Page 191-192*

The DPS and Entergy testimonies to the Vermont Public Service Board estimate that decommissioning costs could be as low as $550,000,000 and could also almost reach $1 Billion. Such an extraordinarily large range of cost estimates is not conducive to accurate public policy decisions. Mr. Vanags, who has a background in health physics, failed to take into account the significant engineering differences between a Boiling Water Reactor (BWR) like Vermont Yankee (VY) and a Pressurized Water Reactor (PWR) like Maine Yankee. Nuclear Regulatory Commission (NRC) calculations indicate that BWR reactors like VY usually cost at least 40% more to decommission than a PWR because the radioactive steam runs throughout the entire plant engineering system therefore making the plant more radioactive than a PWR and requiring more clean up at the end of plant life. Moreover, as you will note, Mr. Vanag's testimony was based upon the untruthful assertion by Entergy that VY had no underground piping carrying radiation (radionuclides).

The 40-year-old Oyster Creek nuclear power plant in New Jersey is a Boiling Water Reactor (BWR) like Vermont Yankee that is also leaking tritium. Owned by Exelon, Oyster Creek announced December 9, 2010 that it will shutdown in 2019 following 50-years of operation. Unlike VY, Oyster Creek has a decommissioning fund has already accumulated $750,000,000, according to the New York Times and the Asbury Park Press. In spite of $750 Million put aside, the news reports claim that the plant may still not have enough money to dismantle the plant without putting it in SAFSTOR for as long as 60-years. According to the latest figures at the end of November 2010, the VY Decommissioning fund contained $465,000,000, which is almost

$300,000,000 less than has already been accrued at Oyster Creek. The estimated costs for decommissioning and dismantling Oyster Creek is similar to the 2001 TLG estimate for VY, and shows a wide disparity when compared with the 2006 TLG estimate.

Concern 3 Major incorrect assumption factored into Entergy Nuclear Vermont Yankee's decommissioning costs by TLG Services.

In addition to being based upon an analysis created more than four years ago, ENVY's TLG analysis contained an incorrect assumption that dramatically increased decommissioning cost estimates on paper. Although former vice-president of ENVY Jay Thayer publicly renounced this key financial error in a hearing before the Vermont Senate Finance Committee, the financial inaccuracies in the report itself have never been corrected, and have never been identified or audited by any Vermont agency or commission.

Specifically, ENVY and TLG Services attempted to draw down the Vermont Yankee decommissioning fund by applying the cost of the Interim Spent Fuel Storage Installation (ISFSI) to Vermont Yankee's Decommissioning Fund. Nuclear Regulatory Commission Statute prohibits applying the cost of spent fuel to the plant's decommissioning fund, yet Entergy and TLG Services attempted to subtract these Department of Energy costs from Vermont Yankee's decommissioning fund. In April of 2009, 27-months after the TLG report was submitted, Entergy retracted its effort to strip the fund of these unauthorized costs. All spent (used) fuel storage costs are borne by the Department of Energy since it has failed to produce the federal waste repository upon which nuclear power plant operation and licensure is based.

Background on TLG and VY Decommissioning Scenarios: Prior to the 2006 decommissioning costs analysis by TLG Services, the cost for storing spent fuel (ISFSI) was never included in any estimates. TLG Engineering created its 1991, 1996, and 2001 reports when it was an independent Engineering Services firm prior to its acquisition by Entergy. It was only in the 2006 decommissioning cost analysis, prepared after TLG became a wholly-owned Entergy subsidiary, that it attempted to tap into the VY decommissioning fund for Entergy's fuel storage costs.

In Fairewinds Associates review of other nuclear power plant NRC licensee records there was no evidence of any other attempts by nuclear corporations to raid decommissioning funds in order to subsidize the spent fuel storage (ISFSI) costs. Fairewinds was also unable to find evidence of TLG recommending such methodology at any other nuclear power plant. The 2007 TLG report appears to be the first and only attempt by a nuclear power plant licensee to tap the decommissioning fund to subsidize its interim spent fuel storage.

It has been established law for many years that the costs associated with interim spent fuel storage (ISFSI) should be charged to the Department of Energy and not deducted from any nuclear power plant's Decommissioning Fund. In testimony provided to the Vermont Public Service Board in 2001, Department of Public Service State Nuclear Engineer William Sherman noted that interim spent fuel storage costs were being collected by utilities litigating against the Department of Energy. Mr. Sherman noted that *it was likely that the decommissioning fund could support* the cost to decommission Vermont Yankee, but his analysis specifically excluded the cost of interim spent fuel storage. Interim spent fuel storage was a separate item in Mr. Sherman's testimony in 2001, and it was the position of DPS that these costs would be recovered from the Department of Energy (DOE) and not deducted from VY's Decommissioning Fund. According to Mr. Sherman's 2001 prefiled testimony[2]:

> Q. You mentioned earlier that you used a lower decommissioning estimate than VYNPC. Please describe the decommissioning estimate you used.
>
> A. I used a decommissioning estimate of $412 million, expressed in 1999 dollars. I believe that, if VYNPC continued to operate the plant until the end of its operating license, it could accomplish decommissioning for $412 million. To arrive at this amount, I adjusted the VYNPC estimate of $499 million in the following areas: spent fuel management, site restoration, and low-level radioactive waste burial.
>
> Q. Please describe your adjustment for spent fuel management.
>
> A. VYNPC included costs in its estimate for operations and maintenance of a dry cask facility for spent nuclear fuel until 2031. VYNPC also includes costs for the purchase of dry cask and overpacks. VYNPC assumes the federal government will begin to remove spent fuel from the site in 2010 and complete removing fuel in 2031. The first fuel was scheduled to leave Vermont Yankee in 1999. The federal government has failed to perform a contractual obligation with Vermont

2 *Prefiled Testimony of William Sherman on Behalf of the Vermont Department of Public Service,* March 9, 2001, Docket Nos. 6120 and 6460, Page 14 of 18, line 12 (and following) http://publicservice.vermont.gov/dockets/6460/6460ShermanRED.PDF

> Yankee to begin removing spent fuel from nuclear sites in 1998, and is liable for damages. Ratepayers have paid for spent fuel disposal through a one-mill charge established by this contract for each kilowatt-hour of Vermont Yankee power produced. Ratepayers should not be liable for paying again for spent fuel disposal, and my expectation is that VYNPC will succeed in receiving fair damages. Therefore, I adjust VYNPC's estimate to assume the federal government began removing fuel in 1999, and I remove from VYNPC's estimate the amounts for casks and overpacks which are required because spent fuel disposal is not available.
>
> Q. What is your opinion regarding whether the FERC would accept the adjustments you have proposed?
>
> A. There is a high likelihood the FERC will accept the adjustments identified above…. The adjustment for spent fuel management - the use of the spent fuel trust for expenses expected to be recovered in damages from DOE - is the same adjustment that I participated in negotiating for ratepayers' benefit in the FERC decommissioning cases for the Maine Yankee and Connecticut Yankee plants, and which the FERC accepted.

Vermont's DPS and Mr. Sherman were not the only organization to recognize that the Decommissioning fund could not be used by Entergy to fund the storage of spent nuclear fuel. In *Update of the Tax and Regulatory Considerations for Nuclear Decommissioning Trusts*[3] a legal presentation the nuclear law firm Winston & Strawn made to the industry, it stressed the fact using any decommissioning fund for interim spent fuel storage was specifically excluded. In its presentation Winston & Strawn acknowledged,

> "NRC Decommissioning Excludes: … Spent Fuel Management (10CFR 50.44(bb)) Independent Spent Fuel Storage Installation (ISFSI): separate license/separate decommissioning funding."

Despite the evidence that interim spent fuel storage (ISFSI) should not be funded via any decommissioning fund monies, TLG Services and ENVY deliberately chose to wrongfully add more than $200,000,000 in costs into its 2007 Decommissioning Report filed with the Vermont Department of Public Service in January 2007.

Fairewinds Associates, Inc first alerted the State Legislature and the Auditors office of the faulty calculations in the 2007 TLG study in November and December 2007 in its two initial decommissioning reports written for the State Legislature. Yet this Entergy TLG Services

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[3] Repka, David, William Horin, and Gregory Pavin, *Update of the Tax and Regulatory Considerations for Nuclear Decommissioning Trusts*, Winston Strawn. June 18-21, 2007.

decommissioning estimate continues to be the only one available and its inaccurate financial calculations are being misapplied in analyzing both the state of the fund and the timeframe for decommissioning VY. When the cost of interim spent fuel storage (ISFSI) is included in estimates for VY's decommissioning, hundreds of millions of dollars of additional expense are incurred by Vermonters via an attempted deduction from the decommissioning fund. The net effect of this deduction of the interim spent fuel storage (ISFSI) fees by Entergy from the VY decommissioning fund is the *proposal* that decommissioning and dismantling VY will have to wait at least 60-years until adequate funds are available.

However, between January 2007 and March 2009, neither the Department of Public Service nor Entergy attempted to revise this erroneous assumption leaving the public and legislature believing that VY had inadequate decommissioning funds to decommission Vermont Yankee unless it waited for 60-years for the fund to grow. Entergy finally reversed its attempt to wrongfully apply VY decommissioning funds to interim spent fuel storage (ISFSI), and stated so in its April 14, 2009 testimony by then executive vice president Jay Thayer to Senator Ann Cummings' Senate Finance Committee (Transcript Attached, Attachment 3).

> Today the courts have decided there's plenty of precedent. The Department of Energy has started paying some companies damage claims for their cost of storing fuel. So the point I want to make here is during the remaining operation of Vermont Yankee for however long that may be we are -- I fully intend to recover the cost of fuel storage from the Department of Energy because they failed to perform. After the plant shuts down, whenever that may be, we also fully intend to collect those costs from the Department of Energy. So those costs will not be taken from -- will not be removed from the decommissioning fund. Okay. That's a point that's been in some question over the last few weeks.
> *Page 5, lines 2-15 of the April 14, 2009 Transcript, Thayer to Senate Finance Committee, 1 PM*

> ...the cost of spent fuel storage, after the plant shuts down the cost to -- one of the things that you do is you put all the fuel that's in the pool into these dry storage containers and to get the plant -- get the fuel out of the plant. That's one of the first activities in the decommissioning. That takes the first five to seven years to do that because you've got to wait five years before you do -- before you can put the fuel -- the newest fuel into those containers. That costs anywhere between 200 and 250 million dollars. Now the question previously has been is that -- are we going to have to collect that much more in the decommissioning fund, and what we've decided to do as this court case that I described to you a minute ago, the cases that we filed with the Public Service Board we have made a decision that we're not going to collect that in the decommissioning fund. We're going to take

> that as a -- we're going to collect that from the Department of Energy because of this court case that I described to you before and the precedent for the Department of Energy paying those as damages in a breach of contract to Entergy Nuclear Vermont Yankee. So rather than collect an additional 200 million dollars we're going to say well as we incur those costs we'll bill the Department of Energy and receive those funds back so that that's not another strain on the decommissioning fund. I think some of the previous cases and some of the cases that were done by your consultants indicated that all that money had to be in there. That's why we got up to 900 million, a billion dollars for decommissioning and spent fuel storage and greenfielding because those costs were assumed to be a liability of Entergy Nuclear Vermont Yankee when in fact the courts have decided those costs are a liability of the Department of Energy. *Page 19, lines 8-25 and Page 20, lines 1-17 April 14, 2009 Transcript, Thayer to Senate Finance Committee, 1 PM*

> We did not envision, I want to be plain here, we did not envision at any time during those discussions that we would use the full 60-years allowed by law in the SAFSTOR period. We still don't. We still don't. If the plant were to close in 2012, the plant would remain in SAFSTOR for a period of time. Most likely, most likely in the 15 to 20-year time frame. Now we did some work with earnings on the fund, fund under realistic scenarios, fund growth under bad scenarios, and they all come out in a time frame to 15 to 20-year period. *Page 15, lines 14-24 of April 14, 2009 Transcript, Thayer to Senate Finance Committee, 1 PM*

For more than two years, between 2007 and 2009, Entergy applied economic criteria to the Vermont Yankee decommissioning fund in a manner not allowed by federal statute. Had this assumption by Entergy been allowed to stand, it would have delayed VY's decommissioning by six decades. Fairewinds Associates, Inc has found no evidence that the Vermont Department of Public Service objected to this arrangement. Now, fully four years later, even though stripping interim spent fuel storage costs (ISFSI) from VY's decommissioning fund is no longer under consideration, the 2007 TLG study which has those wrongfully calculated financials, is still being used as the baseline for determining the cost and time duration of decommissioning and dismantling Vermont Yankee.

Concern 4 Apparent Conflict of Interest Among Entergy, ENVY and TLG Services

In 2001, Entergy acquired TLG Engineering. In 2002, Entergy acquired Vermont Yankee. The 2007 TLG VY decommissioning report is the first report in which both VY and TLG were wholly owned Entergy subsidiaries. The resultant Entergy ownership of both the Vermont Yankee nuclear power plant and the formerly independent TLG is an apparent conflict of interest that could potentially lead to a financial analysis that is not in the best interest of the State of Vermont.

The evidence reviewed by Fairewinds Associates, Inc shows that two changes made in the 2007 TLG report differ from the 2001 TLG report and are not substantiated in the broader nationwide industry work of TLG Services. Moreover, the inclusion by Entergy's TLG Services of these new changes in its 2007 VY Decommissioning Study is not in the best interest of the State of Vermont.

1. First, the unexplained precipitous decline in 2006 decommissioning estimate compared to the 2001 TLG report, with interim spent fuel storage (ISFSI) fees wrongfully deducted, is an a clear example of the latest report's lack of verifiable objectivity. The 2001 report estimated decommissioning costs at approximately $850,000,000, which then suddenly dropped to $650,000,000 in 2007.

2. Second, the inclusion of interim spent fuel storage (ISFSI) funding without any indication that it was a dramatic change from the previous TLG estimates simply are not substantiated in other TLG Services decommissioning estimates nationwide. The 2007 TLG analysis wrongfully included approximately $250,000,000 in charges to the Decommissioning fund for interim spent fuel storage (ISFSI), which is a violation of federal statute. The Department of Energy (DOE) is responsible for the cost of spent fuel storage, not each nuclear power plant's decommissioning fund.

TLG Services inclusion of these two significant changes without a detailed discussion of why they were made, their impact on cost, and without any reference documents could be indicative that the 2007 TLG Report was written to benefit Entergy and does not adequately reflect the financial interests of the State of Vermont.

Concern 5 Missing Decommissioning Cash Flow Analysis in TLG Report

The estimated cash flow analysis TLG Services presented to the PSB in 2009 regarding Vermont Yankee is completely inaccurate. Therefore, the State has no analysis of the decommissioning *and dismantling costs for Vermont Yankee based upon an accurate economic fund balance projection.*

None of the TLG studies compare the yearly expenditures to decommission Vermont Yankee against the amount of money available each year in the decommissioning fund. Fairewinds Associates believes that the first such Cash Flow Analysis was developed in its November 2007 report to the Legislature.[4]

The November 2007 cash flow analysis created by Fairewinds Associates clearly showed that with interim spent fuel storage (ISFSI) factored into the VY Decommissioning costs, it appears to be impossible to decommission Vermont Yankee in less than 60 years. During the 2009 Public Service Board hearings, TLG created and submitted its own Cash Flow Analysis on behalf of Entergy (Exhibit EN- TLG-3, admitted May 18, 2009, docket 7440). The testimony by TLG Services showed that decommissioning the plant (including dismantling) and funding the interim spent fuel storage (ISFSI) cannot, in most of the scenarios they presented, be completed in less than 60-years. *Fairewinds Associates notes that Entergy renounced the interim spent fuel storage (ISFSI) costs in the April 14, 2009 testimony to the Senate Finance Committee, yet TLG Services included these costs in their May 18, 2009 testimony to the Vermont Public Service Board.*

Since TLG used its 2007 report as its base case, all of the cash flow analyses it presented to the PSB wrongfully assumed funding of spent fuel storage (ISFSI). While Entergy ultimately rejected this assumption in 2009, that change is not reflected in any Decommissioning documents of record.

Concern 6 Decommissioning Fund Investments

After three years of review, the Vermont State Auditor's Office finally issued an audit report regarding the Vermont Yankee Decommissioning Fund. This report was of particular interest to our firm since Fairewinds Associates, Inc first notified the Vermont State Legislature and the

[4] *Decommissioning The Vermont Yankee Nuclear Power Plant: An Analysis Of Vermont Yankee's Decommissioning Fund And Its Projected Decommissioning Costs, 11-2007*

State Auditor's office of concerns regarding the fund. While the Auditor's report appears to be accurate in the areas the Auditor chose to evaluate, it is deficient in evaluating two critical areas.

A Trust Banker in Vermont contacted Fairewinds Associates, Inc and expressed considerable concern regarding the sudden drop in the fund's value during the 2007 to 2008 banking crisis and an insufficient evaluation of the fund's individual equities by any Vermont State Agency or by the Auditor's office.

> "The assets appear to be housed in a safe location and, in all probability, the managers are capable. That said, there is no disclosure of the individual equities. I do find this odd. At the minimum I think the State should have in their files a list of the individual holdings at regular intervals. Without this, it is very difficult to benchmark performance or to get a sense of risk."

Unfortunately the Auditor's Office did not evaluate the individual holdings to determine if their asset allocation caused the volatility experienced in 2007 and 2008. More importantly, the State needs to determine if this same volatility is currently present as Vermont Yankee is prepared for decommissioning.

Concern 7 Shipping Vermont's nuclear waste to Texas for regular waste disposal, decommissioning, and final dismantlement.

Vermont and Texas are currently members of a Congressionally approved two-state Interstate Compact that allows (and requires) Vermont Yankee to ship all of its radioactive waste (other than irradiated fuel) to Texas, once the Texas site is fully operational. The federally mandated interstate compacts were formed with the goal in mind of having several specific large-sized nuclear waste disposal sites rather than numerous nuclear waste dumps sited in almost every state in the US and by extension, maybe at each individual nuclear power plant site. Congress established the federal waste compacts in order to avoid the federal Constitutional Interstate Commerce Clause that prevents interference in interstate commerce of goods and services including nuclear waste. Thus the individual nuclear waste compacts strictly limit nuclear waste shipments to the states that are members of each specific compact. As initially configured, the Texas/Vermont Radioactive Compact Commission included only nuclear waste generated in Vermont and Texas. However, the gubernatorial appointed commission voted on January 4, 2011 to open up to out-of-compact radioactive waste generators by a vote of 5-2. The two Vermont commissioners, who were appointed by Governor Jim Douglas, voted in support of this move that opens the WCS Texas Waste Disposal Site to 36 more states.

Vermonters should be concerned about the Texas Compact for several key reasons:

1. <u>The Texas Compact has no staff and no operating funds.</u> A volunteer staffer who recently moved to Colorado processes most of the information. As of 12-2010, the commissioners, who draw no salary, are only paid travel expenses.

2. <u>The Compact has no legal staff to advise it regarding the ramifications of decisions that are currently being made as well as to assure that current decisions meet Vermont Statute.</u>

3. <u>Fairewinds believes the Texas-Vermont Compact should develop a paid staff to oversee the activities of its contractor, Waste Control Specialists.</u>
    - 3.1. Mr. Gundersen, chief engineer for Fairewinds Associates, Inc, was a founding member of the Connecticut Low-Level Radioactive Waste Advisory Committee (LLRWAC) for the Connecticut-New Jersey Compact for 10-years beginning in 1982.
    - 3.2. While the Connecticut LLRWAC Advisory Committee consisted of 10 volunteer members, there five paid staffers who administered the day-to-day business of the Compact.
    - 3.3. The Staff members were paid via a fee system that was charged to the nuclear power plants and other generators that shipped waste within the Compact. Because more than 99% of the radioactive waste created, as it is measured in curies, is generated by the nuclear reactors, the Connecticut-New Jersey Radioactive Waste Compact decided that the nuclear power plants and any other high curie generators should be the firms charged for the Compact's administrative costs. Therefore, hospitals and other licensees that actually produced about 10% of the volume of waste, but had a very low curie content of measurable radioactivity were exempt from paying any management fees.
    - 3.4. Fairewinds Associates, Inc recommends that in order to protect Vermont's hospitals and other medical facilities from being burdened by burgeoning radioactive waste disposal costs, that the Texas-Vermont Compact create a similar pricing structure in which the operating costs are borne by the nuclear power plants that have the most radioactivity of

which to dispose. Hospitals and other medical facilities dispose of radioactive waste that has very little radioactivity as measured in curies in comparison to that from operating and/or dismantled nuclear power plants.

Waste Control Specialists (WCS) the company that anticipates receiving final approval to run the Texas/Vermont nuclear waste dump, has staff and funding and thus creates most of the public information. After receiving a disposal license with more than 90-unresolved-conditions, WSC approached the Compact Commission to change its bylaws to set up a system that would accept radioactive waste from additional nuclear waste generators in addition to nuclear waste from Texas and Vermont. *Although barrels of radioactive waste have begun being shipped to Texas, the site itself will not officially open until the end of 2011.* The Texas Compact Commission voted affirmatively on January 4, 2011 to facilitate the import radioactive nuclear waste generated outside of the compact to the Texas facility. At present there are eight Compact Commissioners, six from Texas and two from Vermont appointed by each state's governor. In the January 4, 2011 vote, three Texas Commissioners and both Vermont representatives voted to support allowing additional States to dispose their nuclear waste in Texas. Voting was 5 to 2 in favor of having other States gain access to the WCS nuclear dump space, with Vermont voting with the majority, and two Texas Commissioners remaining opposed to allowing other States to use the facility.

By voting to publish the proposed import rule in December 2010 in the Federal Register and approve the import rule in January 2011, the Vermont Commissioners have taken a major, potentially irreversible step that Fairewinds Associates believes risks Vermont's disposal capacity. In the years to come there is no guarantee that Vermont's two commissioners will have any sympathetic Texas commissioners to help limit incoming out-of compact waste, therefore limiting Vermont's access to adequate nuclear waste storage. While the provisions in the rule allegedly preserve capacity for Vermont Yankee and Vermont's other nuclear waste generators, like hospitals, these numbers are very speculative because they are based upon 5-year *estimated* figures provided by the waste dump host WCS. Indeed, Vermont may ultimately find itself dependent upon WCS achieving expanded storage capacity, which is by no means assured. In fact, WCS is still awaiting approval of a 4,000-page amendment to its original license as one of many outstanding conditions that must be met prior to its creation of permanent on site waste storage.

Litigation on the existing site still continues as this report is being written. The Sierra Club appealed in State Court the denial by the Texas Commission on Environmental Quality (TCEQ) for a contested case hearing. Fairewinds Associates therefore notes the potential uncertainty of expanding the current site when the original license for which WCS applied is not yet functional. Fairewinds Associates believes that the Compact commission should be assured of viable disposal capacity for Texas and Vermont prior to setting up procedures to bring in out-of-compact waste. Furthermore, the Compact rules say no foreign waste may be imported to the Texas site, but some radioactive waste processors in Tennessee have begun to take title to European wastes they are processing. Processors in Tennessee are planning to import waste from Italy and Germany and from all over Europe via a German nuclear broker, and it appears that Texas is now the likely final resting place for this waste. Fairewinds Associates' concern remains one of adequate space for Vermont's nuclear waste generators due to the permitted radiation value of the waste being imported.

Texas Commissioner Robert Gregory expressed his concern over the organization of the Texas waste compact as quoted in Vermont Digger (12/1/10).

> "Gregory, one of the dissenting members, said the commission doesn't have the staff capacity or financial resources to evaluate applications. (The annual budget of $125,000 covers travel and meeting expenses.) In addition, the subjective nature of the proposed permitting process, he said, could leave the commission vulnerable to lawsuits.
>
> He doesn't know how the commission will defend itself from legal challenges if the commission says no to one entity and yes to another.
>
> "Entergy, according to a Texas official, would have much to gain if the new landfill rules go through. The Louisiana-based corporation needs a place to put the waste from its fleet of 10 plants around the country. "Opening the Texas facility would allow them to take it from those other plants," Gregory said Waste control specialists, Entergy, Santa Claus — anyone can sue us for not allowing radioactive waste to come in," Gregory said. "What are we going to say if we can't defend ourselves?"

> ...Gregory, a Texas commission member who opposed the adoption of the new rules, said he doesn't understand why the rule has to be adopted by early January. He suspects the timing has something to do with a changing of the political guard in the Vermont governor's office.
> "What on Earth is the rush?" Gregory said. "It's rushing to beat a date for when the new governor comes to town. If the commissioners change, then the vote would be 4-4; now it's 6-2."

Fairewinds believes that opening the Texas site to the rest of the nation's and possibly international nuclear waste may not be in the best interests of Vermont for the following reasons:

1. The TCEQ License limits Low Level Radioactive Waste (LLRW) disposal at WCS to 2,310,000 cubic feet of radioactive waste. Vermont is allocated 20% (~462,000 cubic feet) of the total amount Texas disposes over the operational period of the disposal site. Decommissioning Vermont Yankee may create more than this amount of waste. If a decommissioning approach is used at Vermont Yankee that similar to the one currently being applied to decommission the Zion Illinois nuclear plant in Illinois, the net effect is that decommissioning costs may drop significantly while the radioactive waste volume (amount of space needed) would become notably larger. Until Vermont Yankee is fully dismantled, it is unknown if Vermont may have any reserve space to give away to other States.
2. The Texas Commission on Environmental Quality (TCEQ) License limits Low Level Radioactive Waste (LLRW) storage at Waste Control Specialists (WCS) nuclear dump to 3,900,000 curies.
   - 2.1. Prior to July 2008, the Barnwell, SC LLRW storage site accepted waste from all over the U.S., but now it only accepts waste from the Atlantic Compact States of Connecticut, New Jersey, and South Carolina.
   - 2.2. The only other site open to accepting waste from throughout the U.S. is the Energy Solutions site, located in Clive, UT, but Energy Solutions is only licensed by the State of Utah for Class A waste.
   - 2.3. Thus, WCS is now the only offsite facility available for storage of Class B and C waste, and that radioactivity limit could be exceeded in just a few years by the Class B and C waste that is being generated by Vermont and Texas facilities without added the waste from all the other States with no place to put their radioactive waste.

2.4. "Radioactive Waste: In general, radioactive waste classes are based on the waste's origin, not on the physical and chemical properties of the waste that could determine its safe management. Other categories of radioactive waste not listed here include mixed waste and NARM wastes (Naturally-Occurring and Accelerator-Produced Radioactive Materials). One common factor for all categories of nuclear waste is the presence of at least some amount of long-lived radionuclides.[5]

2.4.1. "Low-Level Waste (LLW) Defined by what it is not. It is radioactive waste not classified as high-level, spent fuel, transuranic or byproduct material such as uranium mill tailings. LLW has four subcategories: Classes A, B, C, and Greater-Than Class-C (GTCC) described below.

2.4.1.1. On average, Class A is the least hazardous while GTCC is the most hazardous.

2.4.1.2. Class A On average the least radioactive of the four LLW classes. Primarily contaminated with "short-lived" radionuclides. (average concentration: 0.1 curies/cubic foot)

2.4.1.3. Class B May be contaminated with a greater amount of "short-lived" radionuclides than Class A. (average concentration: 2 curies/cubic foot)

2.4.1.4. Class C May be contaminated with greater amounts of long-lived and short-lived radionuclides than Class A or B. (average concentration: 7 curies/cubic foot)

2.4.1.5. GTCC Most radioactive of the low-level classes. (average concentration: 300 to 2,500 curies/cubic foot) (The 300 figure is based on the 1985 inventory. The higher figure represents anticipated inventory in 2020, including some decommissioning wastes.)"

3. Dr. Arjun Makhijani, nuclear engineer and president of the Institute for Energy and Environmental Research (IEER), evaluated the amounts of Class B and C Low Level Radioactive Waste (LLRW) sent for disposal from nuclear generators located in states that have no disposal path. He applied past data as posted on the Department Of Energy's (DOE)

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5 *Classifications of Radioactive Waste*, Institute for Energy and Environmental Research (IEER), http://www.ieer.org/clssroom/r-waste.html

Manifest Information Management System (MIMS) website that allows computation of data for specific sites, volumes and radioactivity as well as specific compacts.

3.1. According to Dr. Makhijani, the total amount of Class B and C waste disposed of at Barnwell by these states over an eight-year period ending on June 30, 2008 was almost 4.6 million curies, or approximately 580,000 curies per year.

3.2. Moreover, Dr. Makhijani estimates that approximately 95-percent of this radioactivity came from utilities that would like to ship to Texas. At this rate, even if there were no other new nuclear generators, the storage capacity of the Texas site would run out in just under four years if the 36 additional States ship to it.

3.3. Fairewinds Associates, Inc is concerned that other States would ship their most radioactive material to Texas, rather than their least radioactive. This implies that the site's radioactive limit might be exceeded before its cubic foot limitations are exceeded.

Fairewinds Associates asked for months: Why rush to allow other States to use land that Vermont may need to dismantle Vermont Yankee? If Vermont Yankee did not use it's allotted space after the plant is decommissioned, then it would be appropriate to allow other States access to the Texas facility. Or if WCS is licensed for much more additional land and a compact agreement was forged assuring that Vermont would have more than adequate waste disposal space, it might be possible to sign such an agreement as long as it also indemnifies Vermont from nuclear waste litigation forged by other states or parties against WCS. However, it remains Fairewinds' opinion that until a decommissioning approach is chosen and an accurate assessment of waste is calculated that includes soil contamination from the recent AOG leak, it was extremely unwise to allow other States to use land that may be required to decommission and dismantle Vermont Yankee.

Attachment 1
3 pages

After the Nuclear Plant Powers Down

By MATTHEW L. WALD
Published: November 22, 2010

http://www.nytimes.com/2010/11/23/business/23nuke.html?_r=1&hp

ZION, Ill. — Twelve years ago, Commonwealth Edison found itself in a bind.

The Zion Station, its twin-unit nuclear reactor here, was no longer profitable. But the company could not afford to tear it down: the cost of dismantling the vast steel and concrete building, with multiple areas of radioactive contamination, would exceed $1 billion, double what it had cost to build the reactors in the 1970s. Nor could Commonwealth Edison walk away from the plant, because of the contamination.

The result was that Zion Station sat in limbo for more than a decade, and Commonwealth Edison, now part of Exelon, paid about $10 million a year to baby-sit the defunct reactor.

Now, though, the company is trying out a radical new approach to decommissioning the plant that promises to make the process faster, simpler and 25 percent less expensive — instead of hiring a contractor, it has turned the job and the reactors over to a nuclear demolition company that owns a nuclear dump site. The cost will be covered by the $900 million that Exelon accumulated in a decommissioning fund.

If the approach is successful, it could have implications for 10 other nuclear plants around the country that are waiting to be decommissioned, and for the 104 reactors that are still in operation but will eventually be torn down. It will also save money for electricity customers, who often end up paying for the cleanup of nuclear plants through their utility bills.

The decommissioning operation at Zion, which began on Sept. 1, will skip one of the slowest, dirtiest and most costly parts of tearing down a nuclear plant: separating radioactive materials, which must go to a licensed dump, from nonradioactive materials, which can go to an ordinary industrial landfill.

The new idea is not to bother sorting the two. Instead, anything that could include radioactive contamination will be treated as radioactive waste.

Exelon could never have done this on its own, because the fee for disposing of radioactive waste was too high. But the company has given the reactor to EnergySolutions, a conglomerate that includes companies that have long done nuclear cleanups, and which also owns a nuclear dump.

"This is a first-of-a-kind arrangement," said Adam H. Levin, director of spent fuel and decommissioning at Exelon.

He added that others could do the job for less than Exelon and acknowledged, "utilities in general are not very good at tearing plants down."

Government regulations require that nuclear reactor sites be thoroughly decontaminated, so that they can be released for re-use — often a lengthy process. The plan is to return Zion's site, in the midst of parkland on the Lake Michigan shore north of Chicago, to re-use by 2020 — 12 years earlier than expected under Exelon's original plan, which was to begin in 2013 and finish in 2032.

Any money left over from the $900 million in the plant's decommissioning fund goes back to electricity customers in the Chicago area.

On Sept. 1, Exelon transferred ownership, along with the license issued by the Nuclear Regulatory Commission, to EnergySolutions, which is based in Salt Lake City.

The company owns a one-square-mile area of desert about 70 miles west of there, in Clive, Utah, where most of the Zion plant is supposed to be shipped. The dump in Clive already has parts of several other defunct nuclear plants — including Maine Yankee in Wiscasset, Me., and Yankee Rowe in Rowe, Mass.

In those two cases, the reactor owners tried to sort the radioactive materials from the nonradioactive, in order to dispose of ordinary concrete and steel at recycling centers or industrial landfills. It turned out to be a costly mistake, many in the industry now say.

Workers used a device like a pneumatic drill to "scabble" the concrete, knocking off the surface layer.

"It got to be very, very complicated and nasty work," said Andrew C. Kadak, a nuclear consultant who at the time was president of the company that operated Yankee Rowe. Often, he said, a survey would find that the concrete was not clean, or worse: that a tiny bit of radioactive material was mistakenly shipped to a "clean" landfill.

"It's easier to suppose everything is radioactive," Mr. Kadak said.

Sometimes a contractor hired to decommission plants would also find radioactive material in unexpected places or at unexpectedly high levels, other experts said.

Crowds of workers would stand idle while the contractor sought the plant owner's authorization to deviate from the procedures specified in the contract — a costly proposition at a site with 500 workers paid collectively "$30,000 to $50,000 an hour," said John A. Christian, president of the Commercial Services subsidiary of EnergySolutions.

At Rowe, managers finally gave up and shipped vast amounts of concrete, much of it clean, to the repository in Clive.

The new plan for Zion, by far the largest nuclear power plant to be decommissioned and the first twin-unit reactor to be torn down, eliminates the relationship between contractor and owner. EnergySolutions has hardly any internal cost for burial, beyond shipping.

Mark Walker, a spokesman for EnergySolutions, said that the dump could accommodate all 104 of the nation's operating nuclear plants, "with space left over."

It could also absorb plants that are shut and awaiting decommissioning, like Indian Point 1 in Buchanan, N.Y.; Millstone 1 in Waterford, Conn.; and Three Mile Island 2, near Harrisburg, Pa., the site of the 1979 accident.

Not everyone is delighted with the idea of Exelon turning the job over to EnergySolutions.

Tom Rielly, the executive principal of Vista 360, a community group in nearby Libertyville, Ill., said that with a monopoly provider of dump space also functioning as the contractor, it would be difficult to determine what was being charged for disposal and whether electricity customers were getting a good deal.

But approval from utility regulators in Illinois was not required for the deal, and the Nuclear Regulatory Commission gave its assent, so the work is going forward.

EnergySolutions cannot dispose of all the waste.

Clive is licensed only for the least contaminated material. And the spent nuclear fuel is in the same situation as used reactor fuel all over the country: the Energy Department is under contract to take it, but has no place to dispose of it.

Until a permanent repository is built at the proposed Yucca Mountain facility in Nevada or another location, the waste will stay at the Zion site in steel and concrete casks built to last for decades.

Frank Flammini, a control room operator, has worked at the Zion Station since before it shut down.

The room, filled with 1970s-style dials, used to have at least six people around the clock, but on a recent afternoon he sat alone in the control room with his coffee cup, next to the one modern piece of equipment, a flat-panel display showing the temperature, water level and humidity of the room housing the spent fuel.

Mr. Flammini, 54, said he was called on now and then to make sure equipment was "tagged out" so that workers could safely dismantle it. But hours go by with little to do.

The parking lot of Zion is so quiet these days that the raccoons and skunks have been joined by shy species like coyote.

Mr. Flammini said he knew his job here was not permanent.

"It'll get very busy for about four years, and then it'll go away entirely," he said.

NUCLEAR DECOMMISSIONING: Sweet package
Monday, November 15, 2010 9:58 AM
http://www.istockanalyst.com/article/viewiStockNews/articleid/4668379

(Source: Engineer)Software based on technology developed for the packaging sector is now being used in nuclear decommissioning. Dave Wilson reports
Developing algorithms that can optimise the means by which sweets, laundry detergents and pharmaceuticals can be packaged might not initially seem very relevant to companies involved in the decommissioning of nuclear power plants.
But based on his past research, in which he created algorithms for exactly such purposes, Richard Williams, professor of mineral and process engineering at Leeds University, has now helped to develop a software packagebased on similar principles that can help contractors plan the safe decommissioning of nuclear facilities.
The original software Williams developed uses algorithms to simulate how particles of any shape or size behave when they are placed into a container. He developed the software after realising that most existing software packages used to solve such packing problems could only handle simple and regular-shaped objects - a scenario that did not reflect real-life problems accurately enough.
When this earlier packaging software was trialled in the food and pharmaceuticals industry, a number of manufacturers expressed an interest in purchasing it, and so Williams and his team commercialised the product through the formation of the Leeds University spin-out company Structure Vision.
But Williams also realised that there was a bigger potential application for the algorithms that he had developed. Because he had previously worked with engineers at BNFL, he was especially familiar with the problem of decommissioning nuclear power plants and realised that the software could play an important role there too.
Now the algorithms have been incorporated into a new software package that has recently been launched by Structure Vision. Called NuPlant, it enables planners to work out the optimum way to break up and package contaminated equipment, reducing the number of long- term storage containers needed for the task.
Williams said that, in use, the three-dimensional structural diagrams that detail the specific process equipment in the nuclear plant that is due to be cut apart during the decommissioning process must first be imported into the software.
Such data can be extracted from existing two-dimensional documentation, which can then be transformed into three-dimensional plant structural diagrams.

Alternatively, where records of the equipment in older plant may be missing or inadequate, a three- dimensional map can be created from a laser survey of the plant, a process that captures exterior surface models of the process equipment that can then be used as the basis from which a three- dimensional map of the process pipelines and process reactors can be reconstructed.
Williams said that the software has been validated with a number of third parties, including Energy Solutions, Nuvia and LLWR, and in most of the trials that have been undertaken, the companies have either been able to provide a three-dimensional design data set or two-dimensional drawings of the plant that can then be converted to three-dimensional images.
Once the data has been captured by the system, the software can analyse the most effective way that the plant can be dismantled and then make suggestions as to the most efficient way that the waste can then be packaged. That is important because independent commercial contractors have

estimated that just packing such waste resourcefully could lead to literally millions of pounds being saved, according to Williams.
In dismantling any item from a nuclear power plant, the software allows a user to scrutinise a number of different methods by which the equipment in the plant can be cut apart prior to storage. The software can propose the number of cuts to be made to dismantle the equipment, in what order they should be made, as well as how the material would best fit into containers and how any additional content in the containers could be optimally positioned.
Contractors can then apply their own costing models to examine the outlay incurred in decommissioning specific equipment in the plant in the particular fashion suggested by the dismantling protocol options presented by the software.
'One of the big cost issues involved in decommissioning a nuclear facility relates to the number of personnel required to perform such operations and the time it takes them to do so. If the process takes longer, or requires more human presence than expected, then a heavy cost penalty may be incurred,' said Williams.

'But by using our software, in conjunction with their own costing models, it is possible for a contractor to work out the most effective, cost- efficient route for dismantling the plant.'
It is also possible for users of the software to assign specific properties to the material that is being cut apart and packaged - an important consideration given the lifetime of much nuclear waste. Typically, in the case of a nuclear plant, this consists of a description of the type of the material, the type of waste it is, and the level of radiation it emits.
Report generation is another important feature of the software, and Williams said that the specific technical parameters that the software generates were defined by Structured Vision after consultation with its validation partners who provided invaluable input through an advisory group as to the nature of the information that they required.
Typically, the reports contain an inventory of the contents of a storage container, listing the number of components that are in it, the weight distribution, the radiation distribution, and details about the properties of the cement mix that it is filled with to provide shielding from radioactivity. Williams said that prior to the development of the NuPlant software, such a detailed inventory was previously unavailable to contractors working on decommissioning and that such reporting is critical for regulatory reasons.
In the future, Williams sees an important use for Structure Vision's software in new nuclear build too, where it will enable designers to envisage how nuclear plants that are currently being designed will be able to be decommissioned most cost-effectively and safely when they have reached the end of their useful life. As such, the company is actively seeking to work with individuals involved in such programmes to ensure that its software can play an important role early on in the design cycle.
The key facts to take away from this article
* NuPlant software uses algorithms to solve packing problems
* It simulates how particles behave when placed into a container
* It also analyses the most effective way that a plant can be dismantled
* The software could also one day play a key role in new nuclear build

MR. THAYER: For the record my name is Jay Thayer. I'm the Vice President of Operations for Entergy Nuclear. You've asked me here today to summarize discussion of decommissioning of Entergy Nuclear Vermont Yankee.

Just to be upfront Entergy Vermont Yankee opposes the bill before this Committee. Entergy VY's committed to Vermont and to continuing to provide low cost base load energy to Vermont and the region to 2012 and beyond. This bill, however, is unnecessary and will create a financial burden on Entergy VY that could well require it to shut down -- the plant to shut down before 2012.

In addition, the bill would alter the agreement reached with and their Certificate of Public Good issued by the State of Vermont in 2002 when Entergy VY purchased the VY station.

First, I would like to give you some background on federal regulations as they pertain to decommissioning and then I'll talk specifically about this bill and then I'll summarize for you. Thank you.

For some background NRC federal regulations provide five significant points related to decommissioning of a nuclear power plant. These are captured in federal law. I'll give you these citations after I finish up, but

I pulled these out because I think it's important to understand how far the federal government goes in codifying the decommissioning requirements for the hundred or so nuclear plants that operate in 39 states in the United States.

First point. Each power radioactive licensee is required to provide reasonable assurance to the NRC that funds will be available for the decommissioning process. It's pretty general, but it is pretty clear also. NRC requires that each licensee provide certification that a calculated minimum amount is available to be used for decommissioning. This is required every two years, and in fact every year when a plant is within five years of its license expiring like Vermont Yankee is. That's a point I wanted to make. Each and every year now Vermont Yankee has to certify to the NRC that we have the funds available to be used for decommissioning and it's calculated against a minimum amount. There's a formula to calculate this minimum amount and the NRC wants to make sure each licensee has access to at least that amount.

UNKNOWN FEMALE: Can I ask a question?

(Inaudible)

MR. THAYER: A third point at least this minimum amount must be funded by one of several mechanisms including quote unquote an external sinking fund segregated and outside of the control of the licensee. This is also important because when we talk about these funds and where they are the idea of a decommissioning trust fund, the idea that I wanted to leave you with here is that the decommissioning trust fund is very separate from the company, the company's operations, other sources for the company. By federal law it is very well segregated and managed and directed by people other than the company. It's very much isolated from day-to-day business operations of the company.

At or about the five-year period, five-year point prior to the projected end of operation licensees must submit a preliminary cost estimate for the cost to decommission the plant and that's a requirement.

Now in the State of Vermont in the dry fuel storage docket that happened back in 2005 the Public Service Board also said they wanted to see that detailed decommissioning cost estimate and that was submitted I believe it was the beginning of 2007. I can provide the Committee with a copy of that estimate if you would like. It's a pretty thick document, but it goes through kind of the industry standard for a complete decommissioning cost estimate because the NRC wants to make sure that the company understand how much it's going to take to decommission the plant. That has been done. That document was provided to House Natural Resources and I would be happy to provide that to this Committee as well.

The last point in federal regulations I would like to make is licensees must submit five years before the expiration of their operating license a spent fuel management and funding program. That's also been done by the company because there is -- this wasn't originally contemplated by NRC decommissioning rules, but since the Department of Energy has not delivered on their contracted commitment to remove spent fuel from nuclear plants we've had some nuclear plants shut down now and still have fuel on site with no projected or no firm date for when the Department of Energy is going to deliver on its contracted commitment. That question has gone to court. It's been argued up through the court system right up to the court of appeals at the federal level, and it's been decided by the courts that the Department of Energy is indeed responsible for the full cost of spent fuel storage management because they did not deliver on the contract to start removing fuel from the nuclear plant sites in January of 1998. So that's been decided in court.

Now the reason I emphasize that point when we went through the case with the Public Service Board in 2005 on dry fuel storage, who is responsible and how were the costs being collected, that point was not quite as clear as it is today. Today the courts have decided there's plenty of precedent. The Department of Energy has started paying some companies damage claims for their cost of storing fuel. So the point I want to make here is during the remaining operation of Vermont Yankee for however long that may be we are -- I fully intend to recover the cost of fuel storage from the Department of Energy because they failed to perform.

After the plant shuts down, whenever that may be, we also fully intend to collect those costs from the Department of Energy. So those costs will not be taken from -- will not be removed from the decommissioning fund. Okay. That's a point that's been in some question over the last few weeks.

In summary, I would like to make it perfectly clear to your Committee, as I have others, Entergy Vermont Yankee has been and will continue to be responsible for the cost of decommissioning the VY plant. The NRC will make sure of this. It is clear under federal law and we will certainly do what is required by NRC and federal law. Thus, this bill is not necessary to ensure that the VY station is safely and completely decommissioned.

Now I want to remind people of some of the discussions at the state level about decommissioning that happened back at the sale in 2002. The Public Service Board was very explicit on this issue and they stated during the sale that the sale of Vermont Yankee to Entergy would relieve Vermont ratepayers from the financial risks associated with decommissioning. The Board order states, and I quote, increases in contributions needed to ensure decommissioning upon shut down will not be passed on to Vermont consumers. That's a direct quote right out of the order.

Another quote that I would like you to listen to is they also stated, and I quote, the ENVY will demonstrate that it possesses funding sufficient to accomplish decommissioning and furthermore to complete site restoration, which I'll talk about in a minute, and spent fuel management. Further, signatories to the MOU at that time agree that such demonstration may include the implementation of SAFSTOR or other forms of delayed decommissioning. This is right out of the order that was issued in 2002.

Additionally the Board stated, and this is another quote of interest so I'll read the whole quote, critically the proposal before us now presents committed funds that are at least as significant as the available liquidity of companies such as Green Mountain and Central Vermont, and even more importantly are adequate when measured against funds necessary to ensure safe maintenance and shut down of the plant in the event it ceases to produce power.

In other words, the financial assurances that Entergy has agreed to provide ENVY will be sufficient to ensure that ENVY has the resources it needs to operate and to eventually close and decommission Vermont Yankee. In addition, commitments and obligation from Entergy's parent corporation now back the most important commitments proposed for its proposed Vermont subsidiaries.

UNKNOWN FEMALE: Okay, but one of the concerns that's come up is I understand that the Exenus spinoff corporation is in process.

MR. THAYER: Correct.

UNKNOWN FEMALE: Okay. When that spinoff happens Entergy is no longer the parent corp., the spinoff is, and it has no money and I think that's part of the concern.

MR. THAYER: Let me try to clarify that because this is a question we've talked about here before. The reason I started federal laws upfront is because there is no question in my mind anyway that the NRC issues the operating license and the operating license -- to an owner, to an operator of the plant. That operating license is in force through the period of operation until the NRC clears the site. When all the radiological material is removed. Okay. So they are in charge of that operating license.

They have through regulations, and I'll give you those regulations, they have reason to assure themselves that whoever holds that license is financially capable of executing either operating the plant, decommissioning the plant, or cleaning it up at the end. Okay. So they know who is responsible. They go through a financial qualification review. They did this for Enexus last year to see if Enexus had the financial qualifications to act as a nuclear operating company operating multiple plants in this country, and they concluded that it did.

Now let me just boil it all down and be real simple about this. Okay. Under the scenario where we get to the end of operation for Vermont Yankee ENVY, and I know you've asked the question before, ENVY ceases operation, they don't have any more funds. ENVY has access to funds.

First, let's assume now we're in 2012 just to make it simple. ENVY would have access to funds from its parent assuming that the Enexus transaction goes through. Enexus Nuclear. Okay. That's a company that has been reviewed by the NRC. It's been reviewed by the FERC.

It's been reviewed by the SEC. All have concluded that that's a company that can perform the operation to operate multiple nuclear plants, get access to capital, get access to funds to be able to do this.

Now ENVY goes to Enexus Nuclear. If for some reason -- and I'll just take this through speculation -- Enexus Nuclear doesn't have those funds, it's clear in NRC regulation that the next place they go would be to Entergy. Okay. Now that's because Entergy was the previous holder of the license. Okay. So I just want to make sure that everybody knows that trail from ENVY to Enexus.

Now let's assume Enexus is not there. What I just read you is Entergy is currently giving those parent guarantees, is currently giving those assurances. NRC knows where the trail would lead if ENVY LLC doesn't have enough money. They know who backs that up and they know who assures that -- those license obligations. Today that's Entergy. Tomorrow it may be Enexus, but I can tell you NRC would not stop if Enexus didn't have the money. They would continue the trail back to the previous license holder which would be Entergy.

I've done some research on that with my company in the last few weeks. I didn't have a final answer on that when I talked to you the other day, but I can be assured -- I'm sure about what I'm talking about today about how this trail would work and how NRC through its federal regulations would assure that there was a trail to make sure that there was adequate funding of decommissioning and spent fuel storage.

UNKNOWN FEMALE: Okay. So then asking for documents and parent guarantee shouldn't be a problem for us. I think that's been the issue in this. Given that somebody goes belly up in this process, you know, our concern, and I think the other one is the time span.

MR. THAYER: I'm going to talk about that in a minute.

UNKNOWN FEMALE: Okay. You know, how can we work a deal that allows us surety that if you don't get relicensed or if you do and something goes wrong and somebody goes belly up that, you know, we have some recourse that's a little better than having this lukewarm slightly hot box sitting on our shores for 60 years.

MR. THAYER: I think in summary, Madam Chairman, with all due respect I think the point that I'm trying to make is that the State of Vermont, Vermont residents, Vermont ratepayers, Vermont consumers are adequately covered by federal regulation when it comes to the question of who is financially responsible for the decommissioning of a nuclear plant sitting in the confines of your state.

UNKNOWN MALE: This might help to understand the rationale for the reorganization as to what's the purpose of it other than protection of the parent.

MR. THAYER: It's some -- I didn't come fully prepared to talk about that today, but just very simply taking these five nuclear plants, actually six units, five nuclear sites, and putting them into a new company Enexus really has more to do with the nature of the company, the risk profile of the company, the attributes of that company from the standpoint of who wants to own that stock than it does protecting any entity from risk or isolating anybody from risk.

It really -- if you look at the way this company Entergy Nuclear grew up and now potentially Enexus Nuclear, it's very different than Entergy. Entergy is a collection of regulated utilities in the middle south fully vertically integrated utilities. In other words, from the generation source all the way to the customer's doorstep, whether that be a residential or commercial customer, regulated in the states that they operated in versus this nuclear organization that we've got and these assets that we purchased in the northeast and Michigan which are non-regulated, non-state regulated for the most part, and operate independent from fully integrated utilities and sell strictly into the wholesale electricity market.

That's a very different profile of a company from the conventional Entergy and, therefore, you get a very different -- you get a different risk profile, you get a different rating from rating agencies such as Standard & Poor's and Fitch, and, consequently, you get a different kind of a shareholder that wants to own that stock, and what we've been hearing over the last few years and one of the drivers for this separation was you've grown up into two very different companies. You should acknowledge that and split those companies apart so that you would be -- your identities would be more clear and that's not -- that's not a bad thing to do that. It's not a good thing to do. It's strictly a this is the profile of a company that started by buying one nuclear plant. All of a sudden there's six nuclear plants and it's almost as big as its parent.

So it's really a reality of what this business has done since we started it in 1999, where it is today, and then how that compares to a traditional rate regulated cost of service utility which is more like the companies that we operate in the rest of the mid south.

UNKNOWN MALE: I think last year we

asked for an organization chart.

MR. THAYER: Yes.

UNKNOWN MALE: And we got one that I thought was way oversimplified and had some work done and it was a lot more complicated than what we had seen.

MR. THAYER: Whatever way you slice it it's pretty complicated.

UNKNOWN MALE: No, I understand that, but I think the simplification probably didn't make clear some of the concerns we had.

MR. THAYER: Okay.

UNKNOWN MALE: Clarify one thing. Did you get an answer to your question about the parental guarantee?

UNKNOWN FEMALE: I did not.

MR. THAYER: I'm sorry.

UNKNOWN FEMALE: Part of what we asked for last year in the bill that talked about, you know, before a spinoff and I believe part of what was in this bill is some form of guarantee that Entergy is still responsible at some level. There's still some recourse to Entergy if, you know, if something happens to either VY or Enexus, you know, that there is some parental guarantee, and just wondering if you don't have the answer today it would be helpful to get it why, you know, getting that should be an issue if your statement is that Entergy understands that by federal regulation they are on the hook if all else fails.

MR. THAYER: So let me just repeat this so I understand clearly because I missed it the first time. I'm sorry.

What you're looking for is -- basically I've told you that federal regulations guarantee this. What you're looking for is will the parent state that in a form of a guarantee to --

UNKNOWN FEMALE: Or writing.

MR. THAYER: Or writing to the State of Vermont?

UNKNOWN FEMALE: Yes.

MR. THAYER: I'm not prepared to answer that question this afternoon, but I think I understand it to the point now where I can answer it.

UNKNOWN FEMALE: I think that's what we asked for last year was some guarantee that when VY is owned by another firm which is highly leveraged it may or may not, depending on the markets and everything else, have the money to do the decommissioning, and I think -- and I don't think anyone's disputing that at this point the fund, the fund is not adequate to decommission within anything less than 60 years is what I'm hearing.

MR. THAYER: No. That's not -- I'll get into that in a minute.

UNKNOWN FEMALE: Okay. Why don't we let you finish your statement and we can get there.

MR. THAYER: Okay. I guess the point I would like to make, going back to the quotes that I made from the Public Service Board order, the point I would like to leave you with is that when Entergy bought the plant in 2002 the idea of putting the plant into SAFSTOR for some period of time was thoroughly discussed with the parties involved in the process. Now you may not like that, but that is -- it's well documented. It's in the history. It's in the record and it's in the order.

We did not envision, I want to be plain here, we did not envision at any time during those discussions that we would use the full 60 years allowed by law in the SAFSTOR period. We still don't. We still don't.

If the plant were to close in 2012, the plant would remain in SAFSTOR for a period of time. Most likely, most likely in the 15 to 20-year time frame. Now we did some work with earnings on the fund, fund growth under realistic scenarios, fund growth under bad scenarios, and they all come out in a time frame in the 10 to 15 to 20-year period. They do not extend for 60 years. Okay.

Now I was -- I tried to make some charts on this. I was not successful. For that I apologize, but what I can tell you is that the bottom line answer is that it's -- it's fully reasonable to assume that under -- under market conditions that have prevailed over the last hundred years on average that those funds would produce a favorable result growing that decommissioning fund such that we would be able to take that plant apart in the 10 to 20-year period.

Now to illustrate that unfortunately we're sitting here talking in a period of financial upheaval where we've seen the fund lose some 90 million dollars over the last 7 or 8 months. Now the month of March conversely was a very good month. Markets gained about 8 percent. The decommissioning fund for Vermont Yankee gained back 12 million dollars. Okay. I can't make any predictions about April or May or any other month between now and 2012, but what I can tell you is that our financial analysis, financial analysis by our independent advisors say that this market that we've seen for the last seven months as far as earnings, especially earnings that are conservatively invested the way decommissioning funds are, is truly an abnormality and we should get back to fund growth in these types of investments in the 7 to 8 percent range because that historically, and there's an index, there's a -- there's an indicator that people watch. I believe it goes back to 1927 and depending on the fund mix that you have, how conservative that is, how much in bonds, equities, government securities, this -- my number 7 or 8 percent would say that whether it's over the last 100 years, whether it's over the last 20 years, last 10 years it would bear that out. If you ask --

UNKNOWN MALE: (Inaudible) The inflationary cost of decommissioning over 20 year or 40 year?

MR. THAYER: Typically the decommissioning costs have inflated in the 3 to 3 and a half percent range.

UNKNOWN FEMALE: So how did you go from the sale in 2002 when the bulk of the discussion was around the surplus to being what it's estimated we need today? What -- I mean I assume these same markets were there and I'll go pre-October last year. What changed in those numbers that well we sold the plant in 2002, everyone said oh there's going to be an excess, you know, in 2012, who got the excess, and now we're in a deficit and what happened? I mean were the numbers wrong? Has there been a sudden inflation in -- what happened? Why were the numbers so off?

MR. THAYER: I think if you look at

recently as 2006, 2007 I would have probably sat here and told you there's going to be excess funds in the decommissioning fund because the earnings over that time were in that 6, 7, 8 percent range.

UNKNOWN MALE: If we're looking at being conservatively invested and you're talking 2, 3 percent as return the inflation for decommissioning, is 3 to 3 and a half percent, isn't that what you --

MR. THAYER: No. What I said was if you take -- let's say -- let's say the fund on average let's say it earned 7 percent and inflation takes away three and a half percent. So you've got 3 or 3 and a half percent real growth in the fund over that period, and if you compound that out over the next 10, 15, 20 years, you'll see that that fund comes right back to what is needed for decommissioning and greenfielding of the site.

Now we filed a lot of detailed information across the street with the Public Service Board on those cases on why we believe that to be true. Now that case is all around 2032, but I can tell you that all of our cases -- most of our cases for earnings between now and 2032 show that we'll be able to go right into decommissioning in 2032 because there will be adequate money in the fund even under a modest earning -- earnings scenarios. We've shown that in great detail.

I didn't want to complicate the case over here because we're talking over here 2012, but I just wanted to make that distinction that over the long term these funds will grow and will be adequate.

Now from a full disclosure standpoint, not to complicate the situation here, is one of the things that's been in question about, and I talked about this a minute ago, spent fuel storage, the cost of spent fuel storage, after the plant shuts down the cost to -- one of the things that you do is you put all the fuel that's in the pool into these dry storage containers and to get the plant -- get the fuel out of the plant. That's one of the first activities in the decommissioning. That takes the first five to seven years to do that because you've got to wait five years before you do -- before you can put the fuel -- the newest fuel into those containers. That costs anywhere between 200 and 250 million dollars.

Now the question previously has been is that -- are we going to have to collect that much more in the decommissioning fund, and what we've decided to do as this court case that I described to you a minute ago, the cases that we filed with the Public Service Board we have made a decision that we're not going to collect that in the decommissioning fund. We're going to take that as a -- we're going to collect that from the Department of Energy because of this court case that I described to you before and the precedent for the Department of Energy paying those as damages in a breach of contract to Entergy Nuclear Vermont Yankee.

So rather than collect an additional 200 million dollars we're going to say well as we incur those costs we'll bill the Department of Energy and receive those funds back so that that's not another strain on the decommissioning fund.

I think some of the previous cases and some of the cases that were done by your consultants indicated that all that money had to be in there. That's why we got up to 900 million, a billion dollars for decommissioning and spent fuel storage and greenfielding because those costs were assumed to be a liability of Entergy Nuclear Vermont Yankee when in fact the courts have decided those costs are a liability of the Department of Energy. That's --

UNKNOWN FEMALE: Has anyone gotten any money from the Department of Energy?

MR. THAYER: Yes, they have.

UNKNOWN FEMALE: They have. There was testimony here the other day, or maybe it was just editorializing, but no one has gotten anything.

MR. THAYER: They have. Entergy Vermont

Yankee has not. We haven't made a claim yet, but we intend to make a claim because the court case was decided within the last year.

UNKNOWN MALE: Do we have a breakdown between what you're explaining is SAFSTOR dollars the Feds will owe us versus what the actual decommissioning would cost?

MR. THAYER: If you took the spent fuel costs out of that?

UNKNOWN MALE: Yeah, and I guess also would you be able to, so to speak, return everything to greenfield except for the dry casks?

MR. THAYER: That's -- that's always an assumption that the -- which will finish first, the decommissioning or the removal of the spent fuel, and I think that unfortunately we have several sites in New England today where the plant has been decommissioned, it's been cleaned up, the license has been released by the federal government, grass has been planted, and the fuel is still stored on the site. So that's -- that is one scenario. I can separate those costs out for you and get that to you.

UNKNOWN FEMALE: Yeah. The other thing that might be helpful is the folks that have gotten money has that been dollar for dollar of the cost or has that been a percentage negotiated?

MR. THAYER: No. It's been dollar by dollar. The claims are made based on the actual costs incurred. You can't make this claim until you've actually spent the money and then you have your actual receipts and invoices and you can prove to the Department of Energy this money was actually spent and they are reimbursing that money.

UNKNOWN FEMALE: Okay.

UNKNOWN MALE: When did this taxpayer bailout for failure to remove fuel begin? When was it first started?

MR. THAYER: I'm sorry.

UNKNOWN MALE: The taxpayer bailout that you've just referred to --

MR. THAYER: Why do you refer to it as a taxpayer bailout?

UNKNOWN MALE: Because the NRC is paying for it.

MR. THAYER: The NRC is not paying for it. The Department of Energy -- in 1983 all the nuclear plants in the country started paying into a National Waste Fund. Okay. A tenth of a cent per kilowatthour, one mil per kilowatthour, one thousandths of a dollar per kilowatthour was collected by the old Vermont Yankee

Nuclear Power Corp. and has subsequently been collected by Entergy paid into the National Waste Fund as has every other plant for fuel, all the fuel that was used and all the fuel that will be used.

In exchange the Department of Energy contracted with each of those owners and said when you -- in 1998, no later than January 31, 1998 we will, in return for that payment, we will take your fuel. We will take possession of it. We will take title to it and we will take it away. That was the bargain under that contract. They failed to execute on that contract even though they kept the money and went to -- what the courts found is that you took the money from the companies you owe the company something for that. You haven't delivered on it so you're going to make them whole for their damages that they had to spend because you didn't come in 1998. Is that -- does that make sense now?

UNKNOWN MALE: It does which goes back to the taxpayer bailout question because that money was set aside for depository for nuclear fuel, and if you're successful in taking the money from the depository to be used instead to maintain storage of the fuel throughout the United States, then the fund that was going to build the nuclear depository is empty and sooner or later you got to send it somewhere, and it's -- we've been asked I think very persuasively by Mr. Thayer to accept their funds that in 15 or 20 years SAFSTOR will be dealt with. If Entergy has faith in those numbers, and I assume that it is willing to give the state a guarantee that if what they have told us today does not come to pass, they Entergy will pack it up and not 15 or 20 years from now, I apologize for the miscalculation, and once again have you the taxpayers or ratepayers or someone else have to pick up the tab.

UNKNOWN FEMALE: Is that a question?

UNKNOWN MALE: Yes. I eagerly await the guarantee, the estimates so passionately argued here today that they will come true that that bet is covered by the folks making the bet not the citizenry.

UNKNOWN FEMALE: I gather your concern is the money that was set aside was for nuclear depository, and I remember I thought it was 25 million dollars in that first meeting of Joint Fiscal that the State of Vermont paid in and it was part of ongoing payments. If we use up that fund paying for onsite storage, then there will never be offsite storage because there will be no money.

MR. THAYER: Actually the way I understand it, Madam Chair, and I can get some clarification on this, the money that's been paid into the

National Waste Fund is in excess of 25 billion dollars. Now, unfortunately, and this is -- I'm not here to make an excuse for this, is that money has -- was not set aside. That money was not parked in a fund. It was not off balance sheet by the federal government so that money has been spent. Okay.

Now Entergy and every other nuclear company in the United States continue to pay into that fund at the one mil per kilowatthour every year and I believe approximately 2 billion dollars is collected every year. I can get a firm number on that.

UNKNOWN FEMALE: Okay.

MR. THAYER: So there's money going in there. The State of Vermont in -- through what Vermont Yankee Nuclear Power Corp. paid and what Entergy has paid since 2002 has paid in just under 100 million dollars into that fund. Now the Department of Energy has to calculate interest on that 100 million dollars, and I think what you see, and I get -- I think Joint Fiscal Office I gave them these numbers, but I think total with interest the State of Vermont has paid in about 148 million dollars including interest. Okay. What I'm talking about recovering for the onsite storage is a small fraction of that. It's a small fraction of that, and I don't think under any scenario we would use the whole 148 million dollars.

Okay. So that's -- that's first of all.

Second of all, the 25 billion dollars does not sit with the federal government in a trust fund to be used for fuel storage. That's another problem. That's a big problem.

UNKNOWN FEMALE: There may not be money there.

MR. THAYER: We have -- well we have tried -- we have tried to pass legislation. The industry has pushed legislation to push the nuclear waste fund off balance sheet to make -- to put it into a fund so it would be there for the companies and the states to have some assurance that this would be there in the future. That has not been successful.

UNKNOWN FEMALE: Okay.

MR. THAYER: Okay.

UNKNOWN MALE: When is the current decommissioning fund (inaudible.)

MR. THAYER: The federal law that was passed, I believe it was passed in 1983, and I think it required either in '83 or '84 for people to start collecting decommissioning funds and put them into a trust fund, and I'm not sure if the old Vermont Yankee Nuclear Power Corp. was collecting funds on their own before that, but that's when it became law. 25 years ago.

UNKNOWN MALE: 25 years ago.

UNKNOWN MALE: I'm trying to understand why I would expect 15 years from now this fund would be adequate (inaudible). If I understood correctly, we're saying that the math, the market predictions and so forth to fund this decommissioning fund adequately 15 to 20 years out decommission (inaudible) I'm trying to figure out how that would be given the 25-year history of this fund which is the condition it's in now which is grossly inadequate. What's so different about the next 15 years as opposed to the last 25?

MR. THAYER: Well, first of all, when we bought the plant in 2002 it was about 310 million dollars in the fund. That's what transferred over in the sale; 310, grew to 440, moved back to 370 or something. Okay. So the fund, as with any funds, the more you have in there, the more that's in the base fund the more small changes in interest rate growth influence that fund, and if you look at these models that I talked about that we submitted to the Public Service Board, you can see that once you get into the 3, 4, 500 million dollars range a small change in interest makes that fund grow fairly rapidly, and I think between 199 -- 1983 and 2002 the companies were contributing such that there wasn't -- in the early years there wasn't very much money in there. So if you don't have much money in there you don't get much benefit from interest groups, but in the later years when there was a lot of money in there you're very sensitive to the interest group. That's the -- I'm not a financial person, but that's my basic understanding.

UNKNOWN FEMALE: Okay.

UNKNOWN MALE: I have not a doubt in the world that as long as you have control over this you'll make (inaudible) okay, but we're going beyond yours and my lifetimes, and I think earlier we did a bill, this is an analogy, we did a bill dealing with tenants and landlords, and I was reminded about the time about 40 years ago living a daring bohemian life, I went to my landlord who was the kind of guy you would see on the Sopranos and I explained two things. I explained why it wasn't my fault that I didn't have the rent, and, secondly, I explained my plan by which I would have the rent in about three weeks, and what he said to me was, Rich, you can only pay your rent with money. You cannot pay your rent with a speech.

Okay. With all due respect I have perfect confidence in you. You're not going to be here. You're going to be, if you're lucky, living in Florida, but probably not on this planet when the bill comes due, and so good explanation why it's not your company's fault, good explanation of the plan, but as my landlord said money talks, and I'll spare you the rest of that expression.

MR. THAYER: I guess with all due respect, Senator, one of the reasons that I started out the way I did was to let you know that this isn't Jay Thayer's promise. This isn't anybody sitting in this room's promise to the State of Vermont. This is grounded in federal law. It's grounded in Public Service Board orders. It's grounded in legal documents, and all I'm doing is interpreting or reading to you from those documents so you can see what exists that codified into laws and orders and things that we operate by already without the benefit of this bill, and that's what I tried to leave you with. It's not -- it's not my, you know, interpretation of what's on paper. It's what exists.

UNKNOWN MALE: I think 25 years ago most people determined federal law guarantees that money would be in there now and it's not.

UNKNOWN MALE: That's right.

UNKNOWN FEMALE: Okay. I want to let Mr. Thayer finish his testimony. Then -- I think we've kind of broken his chain of thought.

MR. THAYER: I can wrap up.

UNKNOWN FEMALE: Okay.

MR. THAYER: I guess we talked a lot

about the current House bill. It is Entergy's position, I'll say it again, this bill would violate the terms of the Certificate of Public Good for the sale of Vermont Yankee issued by the Public Service Board in 2002.

I have to also tell you that that CPG carefully weighed the benefits to Entergy, to the Vermont utilities, to the Vermont ratepayers, and struck a balance between low electricity rates to Vermont consumers for 10 years, 2002 to 2012, and the need to contribute money to the decommissioning fund versus letting it grow through interest and earnings.

A new requirement for ENVY to contribute over 229 million dollars to the fund prior to 2012 is clearly in violation of the terms of the Public Service Board order under which we operate here in Vermont. As I mentioned before when I testified in front of the Committee, the company will have no other choice than to seek a legal remedy if this bill were to pass. I don't want this to sound like a threat because it is not, but Vermont Yankee does not make the type of revenue that would allow it to pay this type of payment and, therefore, we would not agree to such terms.

In our view this bill could well force Entergy VY to close the plant before its current license expires in 2012.

UNKNOWN FEMALE: If we can find a different payment schedule is that -- just you don't have to answer, but just is the number the problem or the fact that the payment at all, and, you know, I know you may not have --

MR. THAYER: The simple answer is the fact that a payment is being required at this point in the contract with Vermont Yankee is what we object to. Now I've said this many times before and I think you heard this from Attorney Hofmann. We're across the street talking about what's next for Vermont Yankee. I know you people will ultimately deliberate what's next for Vermont Yankee, and what I'm here to tell you there's a lot of energy going into the tiered 2012 to 2032 how is decommissioning going to be handled, what assurances are going to be given, how is that going to be backed up so that we'll know when 2032 comes from Vermont Yankee will be rapidly decommissioned and the site returned to a greenfield.

There's a lot of energy going into that process to investigate, explore, provide testimony, rebuttal testimony. There will eventually be live hearings on that across the street at which time all the parties will be allowed to cross examine and explore each other's ideas, and I just that is -- that is when this type of an answer, which has such a significant impact on the company, needs to be answered.

UNKNOWN FEMALE: Okay.

UNKNOWN MALE: That's where we were 20 years ago, Madam Chair. That was all debated. It was all discussed. Guarantees were made. Promises and assurances were given. The federal government was there to back them up. The fund was established, and here we are today and it has not come to pass and they are saying I'm going to start all over again from scratch and there are two issues we have. One that's before us and the other is the waste that has been generated and will be generated up until 2012 has been handled in a way that no one expected and contrary to the promises that were given, and this Legislature is going to have to make a decision whether it's going to give permission to start a whole new pile of waste that hasn't been started yet based on assurances and promises by the same people that made those assurances and promises 20 years ago that haven't come to pass.

MR. THAYER: I know that the Department of Public Service provided some testimony last week indicating the potential impact to ratepayers if an early closure of Vermont Yankee were to happen so I don't want to go into that.

One thing I don't believe the Department mentioned was the Clean Energy Development Fund. Currently we contribute approximately 3 to 4 million dollars a year to that fund from the revenues received -- we receive from power, uprate power. If we were to be forced to close early, that would significantly reduce future contributions that would be available to fund projects from that fund.

Additionally, the immediate impact, economic impact, of an early plant closure cannot be overlooked. The 55 million dollar payroll would be drastically reduced in the first year, as well as reductions in local and state taxes and goods and services purchased in that area. There have been several detailed economic studies performed on this by Entergy, by others, and by the Department, and all the -- all those studies have been large and pretty much point to the same consequence.

In summary, under federal law NRC regulates decommissioning issues including financial assurances and adequacy of decommissioning funds to accomplish complete plant decommissioning, including storage of spent nuclear fuel. Entergy is meeting all of its federal regulatory requirements today. We have been, we continue to, and we intend to in the future.

We're also committed and bound by federal law to ensure that the Vermont Yankee plant is safely maintained and monitored after its shut down until radiological decommissioning is completed. Entergy Vermont Yankee is also committed to returning Vermont Yankee plant site to a greenfield, a condition following radiological decommissioning and termination of the NRC license. That's unique. That's not required by federal law, but I want to make sure I say that because it is a commitment we have made in Vermont and that is memorialized in the Public Service Board order in 2002 for that greenfield or technical term site restoration.

Entergy Vermont Yankee is committed to ensuring that the funding of these activities is assured without impact on the ratepayers or the taxpayers of the State of Vermont. Entergy Vermont Yankee entered into an agreement with the State of Vermont when it purchased the plant in 2002 in which it assumed all the risk of operation and decommissioning while the Vermont utilities recovered all their sunk costs in the purchase price, as well as received a below market PPA saving Vermont ratepayers to date 324 million dollars. Entergy has lived up to its part of the agreement and would expect the state to live up to its end of the agreement as well.

Entergy Vermont Yankee would also like to operate the station for an additional 20 years continuing to supply Vermont and the region with safe, reliable, economical base load power, and we have taken action with the Legislature and with the Public Service Board to achieve that objective. If the plant is licensed to operate until 2032, the plant will be decommissioned immediately which could end up being sooner than if the plant were to be closed in 2012.

That concludes my -- my formal prepared remarks. I would like to make one -- one correction to a discussion, that exchange with Senator MacDonald.

We were -- I think a minute ago we were confusing the decommissioning responsibility and the decommissioning funding with the spent fuel responsibility and the spent fuel fund and the National Waste Fund. I was -- okay, maybe I was the one being confused, but the National Waste Fund at one point it was said, I think I said this, it was that the claims that are being made currently to pay off the fact that the government has not delivered on its contract. Those claims are not coming out of the National Waste Fund. Those claims are coming out of a damage fund -- damages fund which the government handles its damage claims separately from the original fund. So that original fund is not being used to pay those damages. That's just the way the federal government operates. I was reminded by Mr. Dave McElwee who sits with me in the room today that that's -- and I believe it's called the damages fund. There's a technical term for it, but it's not the National Waste Fund. So the National Waste Fund remains. Money is paid in by Vermont remains, and if damages are claimed by Entergy that will not come out of the waste fund.

UNKNOWN MALE: Federal fund. Thank you very much.

UNKNOWN FEMALE: Okay.

UNKNOWN MALE: I would like to commend you for your forthright presentation. I would like to second Senator MacCormick's question to you, but I'm wondering if you haven't come bearing a burden bigger than you can carry to satisfy this table. You are part of the situation. I keep looking for somebody to come in from over there on a silver horse and back you up. I think in this room there are more people wanting to refute maybe what you say than -- than back up what you want to say and nobody is here telling me a very important thing and that is how detrimental passing this bill will be, and you're part of a company. Somebody from the industry has been through this problem before except for the uniqueness of Vermont where the Legislature has stepped in to the process. Nobody's waving their finger at us the way I would feel more comfortable. Madam Chair.

UNKNOWN FEMALE: Yes.

UNKNOWN MALE: Am I making any sense?

UNKNOWN MALE: Yes.

UNKNOWN MALE: I've sat here listening very carefully and that's what I think.

UNKNOWN FEMALE: Okay.

UNKNOWN MALE: Is there -- there an answer?

UNKNOWN FEMALE: I would ask Mr. Thayer.

UNKNOWN MALE: Is there somebody else who could come in from another nuclear plant that's been through the same kind of process that you have and -- and would look at us and point out how devastating to our economy or whatever passage of the decommissioning bill would be?

MR. THAYER: I guess I'm not sure how to answer that question, and I think one of the things that we try to do in assembling this testimony was give you the facts, and one of the reasons I said before is I started with the federal government and then I went very specific to Vermont. That's one of things about somebody else from another company coming in here telling you how decommissioning is done in Illinois or Louisiana. It's not Vermont. The Public Service Board has placed some restrictions, some conditions in their orders that are unique to Vermont. So I wanted to talk about a Vermont case as opposed to a generic case.

UNKNOWN MALE: I'm not criticizing anything.

MR. THAYER: I'm just trying to tell you why I've kind of zeroed in on the Vermont specific case because there are some unique features to the Vermont case that I wanted to talk to you about and the assurances that you have both at the federal level and at the state level that have been well documented that are unique in the nuclear industry.

UNKNOWN FEMALE: I think your testimony has been that you oppose the bill primarily because it is an alternative to an existing contract and the added cost could force closure before 2012, and that you feel that if something happened either before 2012 when, you know, another cycle will start, another set of negotiations could start, that there is adequate federal oversight and funding to cover decommissioning in a reasonable amount of time, something closer to 20 than 60 years, and that one other thing, and that in the event of a spinoff company that eventually Entergy would have corrected its responsibility if all else failed?

UNKNOWN MALE: I mean you led me right into this question. What would happen if the NRC -- have a yes or no -- if Entergy was to sell off the spinoff at some point to another company?

MR. THAYER: Absolutely because in those cases the license transfers -- right now Entergy company holds the license for Vermont Yankee. Entergy Nuclear Vermont Yankee and Entergy Nuclear Operations hold that license. In order to change that you have to make application to the NRC, you have to show them your financial qualifications, you have to prove to them that you're qualified to do this.

UNKNOWN MALE: Who owns the license?

MR. THAYER: Today?

UNKNOWN MALE: Well in the new structure.

MR. THAYER: Enexus Nuclear and Entergy or Enexus Nuclear Vermont Yankee LLC. The two can still be jointly held.

UNKNOWN MALE: But where is Entergy the parent in this?

MR. THAYER: Not in as a license holder.

UNKNOWN MALE: So if Entergy decided to sell its share in the two --

MR. THAYER: They wouldn't have a share in the two. If -- if the transaction were completed --

UNKNOWN MALE: And if the transaction's completed and they have no share in the two, then isn't part of the transaction a fairly heavily leveraged Yankee and better balance sheet on Entergy?

MR. THAYER: That's a complicated question and I don't feel adequately qualified to answer it, but what I can tell you is that it has been looked at. This transfer has been looked at. I know it's been described as a heavily leveraged transaction. I don't believe that it is. I believe that there's -- there's six nuclear units. There's five nuclear sites involved in this. These are high performing assets. Most of them have long term power contracts so they are very secure assets from the standpoint of financial risk. So --

UNKNOWN MALE: If they keep performing you mean?

MR. THAYER: Yeah, and I think, you know, we have had -- these units are not spotty performers.

UNKNOWN MALE: This is not a -- this is more of a, you know, if something happens so -- and not necessarily in Vermont, one of them's not relicensed then all of a sudden you've got that whole new company underwater fairly significantly.

MR. THAYER: It's actually not because it's, as I said, it's spread over six units, five sites, and it's the -- when you look at the power contracts, the cash flows, the access to capital of this new entity, we go through scenarios and we look at what if one of those plants were to shut down. What if it were to shut down for six months? What if it were to shut down for two years? And we do those scenarios to prove to ourselves -- to prove to ourselves we can still meet our obligations, make our payments and not be financially threatened.

UNKNOWN MALE: You could lose 20 percent of your revenue.

MR. THAYER: We go through loss of plant, we go through power markets decline, some level, we don't get as much money for our power, we go through scenario planning to make sure that we can meet the obligations of this new company, and as -- I would argue with you on heavily leveraged, but I can tell you that the company is very -- will be -- is very sound financially to be able to meet its obligations to be able to take care of contingencies like shutdowns, and without bankrupting the company and I think --

UNKNOWN MALE: You're essentially talking if it was one plant down you would lose 20 percent of your revenues.

MR. THAYER: No because -- well depends on which plant because these are different.

UNKNOWN MALE: Just approximately.

MR. THAYER: Approximately, sure.

UNKNOWN MALE: And that seems for a prolonged period of time or permanently like that pretty much neutralizes any value on the company.

MR. THAYER: I can't give you a quantitative answer to that, but I can tell you that that would not bankrupt the company.

UNKNOWN FEMALE: Senator Hartwell.

UNKNOWN MALE: Given your statements about testimony about the 15 years (inaudible) analysis that have been done of the decommissioning fund which is properly funded, I would assume from that -- that even if this bill -- the first two payments came immediately after the March 21, 2012 would you still have a problem with the bill? (inaudible).

MR. THAYER: Yes because I think -- I think the bill carves out a very critical, very important question. I'm not arguing the importance of the issue, but what I'm saying it's probably premature because of the activity and energy that's going into answering this question across the street at the Public Service Board in which a lot of parties participate, a lot of analysis is on the table and being poked at. I would say to just come up with, you know, two payments on a payment stream that makes people feel better about the money and decommissioning is out of process. It's an arbitrary and random answer.

UNKNOWN MALE: (inaudible) what's going on across the street what's going on in here.

MR. THAYER: With all due respect, Senator, I would just say I would make the distinction between that in that what's going on across the street is we have filed thousands of pages of testimony on the license, the continued operations case, and that testimony it is allowed to be discovery performed, it's allowed to be rebutted by all the parties. As I said, this is all done under oath and we'll eventually have live hearings where people can be cross examined, and I would just submit to you, and not in disrespect for this process, that is a better way to answer such a difficult and lasting question as a company paying hundreds of millions of dollars into a fund to solve a problem that may not be problem, and I would just submit to you -- I would just respectfully submit that the investigation process by the Public Service Board, as I described was used during the sale, is in my mind a very thorough, high integrity process that gives a huge amount of protection to the State of Vermont.

UNKNOWN MALE: Yes, we still seem to circle back to a parental guarantee that is right there in front of everybody, and we've also been dealing with more complexity than I can fathom scientifically and everything else, and in the end to me it's real simple. It's coming down to trust, and like Senator MacDonald said, you know, we trust each other there's no problem. I have all the faith in the world in you. I worry a little bit about New Orleans. How do we -- the impasse I see is a simple guarantee would cross all those bridges and probably make it -- a lot of headway. I think a lot of us get real suspicious the more complex you get in this day and age.

MR. THAYER: I agree.

UNKNOWN MALE: And the more entities that are involved and not that I don't have faith in the Public Service Board or faith in the utilities. It's just we keep digging this hole so deep and so complex that we need to keep -- back up and solve the trust issue which seems to be something as simple as a guarantee.

MR. THAYER: I took that as a question which I'm going to act on from the Chair quite a few minutes ago now and I will -- I will provide an answer to this Committee.

UNKNOWN FEMALE: Okay. I think that would be helpful. Any other questions? Okay. Thank you.

MR. THAYER: Thank you very much.

(End of discussion.)

D.

For the Joint Fiscal Committee

December 2010

Reliability Oversight

Entergy Nuclear Vermont Yankee (ENVY)

Fairewinds Associates, Inc
Arnold Gundersen, MSNE, RO
Chief Engineer
Margaret Gundersen, Paralegal
December 6, 2010

INTRODUCTION

REPORT:

ATTACHMENTS:

INTRODUCTION

Fairewinds Associates, Inc began its contract with the Joint Fiscal Committee (JFC) and the Joint Fiscal Office (JF0) in July 2009 in order to review the progress made by Entergy Nuclear Vermont Yankee (ENVY) toward addressing the challenges identified by Act 189: An Act Relating To A Comprehensive Vertical Audit (CVA) And Reliability Assessment Of The Vermont Yankee Nuclear Facility, and to present ongoing information and analysis regarding reliability issues with Entergy's Vermont Yankee Nuclear Power Plant. This current report, Fall 2010, is the first requested report in the extension of services of Arnie Gundersen, Fairewinds Associates, Inc, Burlington, VT as consultant to the Legislative Joint Fiscal Committee.

Section 1. Recommendations for Joint Fiscal Committee and the Legislature

Fairewinds Associates, Inc believes that the following items should be implemented, acted upon or fostered:

1. Continued monitoring of the Construction Office Building (COB) Well
2. Restart extraction wells
3. Add additional extraction wells
4. Better communication between the Department of Public Service (DPS) and the Department of Health (DOH)
5. Entergy should identify and monitor all gamma ports
6. Monthly updates for Legislative review from the DPS on the progress of "completed" action items.
7. In the event of a license extension, any MOU between the DPS and Entergy must include objective criteria and should be submitted for technical review by independent nuclear engineers to assure engineering reliability and technical accuracy prior to signing of any MOU.
8. Again, Fairewinds Associates notes that DPS and ENVY have not addressed the July 2010 recommendations created by the Public Oversight Panel. The Panel expressed concerns regarding ENVY's lack of a questioning attitude and inadequate allocation of resources.
9. Better communication between DPS and Fairewinds Associates

In addition to the above broad recommendations, detailed notifications and recommendations are delineated in the beginning of each subsection.

Section 2. Leaks At Vermont Yankee And Their Monitoring

2.1. Tritium Contamination Moves Into Bedrock

Given the fact that the tritium contamination has moved into bedrock, *Fairewinds Associates, Inc recommends continual monitoring of the Construction Office Building (COB) well reported at least two times per month and continue for the life of the plant.* An assessment of this well will enable the State of Vermont to monitor the progression of the tritium plume containing not only tritium but also other radioactive isotopes like Strontium 90 and Cesium 137 in order to mitigate damage to the aquifer and surrounding environment. Contamination of the aquifer is not part of NRC jurisdiction or required monitoring. This issue is left to the states to assess and monitor.

To Date: On October 8, 2010, the DOH announced that concentrations of tritium significantly above background were discovered in the former drinking well for the Construction Office Building (COB). When ENVY took the COB well out of service February 25, 2010, it said it was a precautionary matter to eliminate a "small possibility" of "cross contamination" from the groundwater into the well if the well remained in service. [See press release below.] However, the hydrological COB well test results announced October 8, 2010 suggest that the likelihood of cross contamination of the well water was more significant than ENVY engineers had estimated.

History: This on-site well is located between the Connecticut River and the former underground pipe leak that was discovered in January 2010. Unlike the on-site monitoring wells used to track the movement of radioactive effluent on site that are only 30 to 40 feet deep, the Construction Office Building (COB) well is 360 feet deep and actually penetrates through the bedrock into the aquifer. The COB well was one source of on-site drinking water until it was closed as a precaution on February 25, 2010, and at the time it was closed no tritium had been detected in that well. ENVY's February Press release stated that if the well continued to operate, there was a "small possibility" that its operation would draw tritium into the aquifer and cause "cross contamination". Thus, even after the well has been turned off, cross contamination is apparently occurring.

On February 23, 2010 an ENVY press release regarding the contamination of the Construction Office Building (COB) well stated:

> "As mentioned yesterday, as a prudent precaution, the decision has been made to take the Construction Office Building (COB) drinking water well out of service. The well will, however, be maintained as a deep monitoring well and will be included as one of the deep wells that will be part of geo-physics testing. Design changes and temporary modifications have been approved, with concurrence from the Agency of Natural Resources, so that drinking water to the COB can be supplied by another well onsite. Preliminary work for the switchover is in progress, with completion in a few days. The Construction Office Building (COB) drinking well, which supplied drinking water to the VY site only, is set in bedrock deep below the flow of the surface groundwater containing tritium above it. The COB well is over 350' below the surface into bedrock while the groundwater monitoring wells are on the order of 25' to 35' deep and are above the bedrock. ***While daily testing of the well has consistently shown all sampling results to be below detectable limits, the deep well is within the field of shallow groundwater wells that have tested positively for tritium. In addition, there is a small possibility that continued use of the well could result in its cross contamination.*** " (Emphasis added)

2.2. Tritium Concentration Levels In Water

The tritium discovered in the Construction Office Building (COB) well October 2010 had a concentration of more than 1,000 pCi/l, which is almost half the European standard of 2,000 pCi/l of tritium in drinking water. For that reason, *Fairewinds Associates, Inc recommends that the monitoring of the COB well continue for the lifetime and clean up the Vermont Yankee nuclear power plant.* While the current EPA limit for tritium in drinking water is 20,000 pCi/l, some states, like California, are currently discussing much lower limits in light of new data showing that tritium remains in the body for much longer than scientists originally believed. The current EPA and NRC regulations regarding tritium levels in drinking water were created more than 30-years ago prior to newer testing methods and subsequent scientific data.

An email from Dr. William Irwin on October 27, 2010 indicates that ENVY does not plan further inspections of this well in the near future. Specifically, Dr. Irwin stated:

> "As we published in our update of 10/15/10, Entergy indicated that they have removed the packer testing and sample pumping equipment from the COB well

> so no additional information will be coming from that source for some time. We have asked them to consider restarting the testing of the COB well to at least give us data about the overall sample contamination level. The Entergy VY Chemistry Manager stated they are considering this."

In Fairewinds Associates, Inc's opinion the State has the authority to order continued monitoring. The state of New Jersey has ordered continuing monitoring of the tritium leak at the Oyster Creek nuclear power plant, an Exelon owned BWR of similar age to Vermont Yankee. The tritium leak at Oyster Creek already contaminated the surrounding aquifer before it was uncovered and the site is now undergoing a mammoth tritium extraction project.

Fairewinds Associates would like the Legislative Joint Fiscal Committee to know that the upward trend in tritium in wells on the site is most disturbing. While well GZ-3, the very first shallow on-site test well found to contain tritium, had a concentration of only 700 pCi/l when the investigation first began in January 2010, the concentration has risen dramatically since that time. Thus, Fairewinds believes that eliminating the testing of tritium in the deep Construction Office Building (COB) well seems to be counterproductive to monitoring and mitigating any potential deleterious trends, as history of other on-site wells shows the concentration may be escalating, not decreasing. The positive finding of tritium in the COB well at 220 feet indicates that tritium has entered the bedrock and is seven times deeper than anticipated and than previously measured in the shallow wells, and does not mean that tritium has entered the groundwater at a depth of 350 feet. This new and unanticipated discovery of tritium in a deep well indicates that the tritium is moving downward toward the aquifer where its possible removal and dissipation will be much slower, expensive, and involved process.

On November 29, 2010, tritium was discovered in well GZ-22D at a depth of 60-feet immediately above bedrock. Concentrations of 500,000 pCi/l were identified near the abandoned COB well. These high concentrations occurred 150-feet away from the original leak. That this concentration is at bedrock near the COB well raises even further concerns about tritium entering the aquifer.

2.3. Extraction Wells For Removal of Tritium And Other Radioactive Isotopes

An *Extraction Well* is a "well employed to extract fluids (either water, gas, free product, or a combination of these) from the subsurface. Extraction is usually accomplished either by a pump located within the well or suction created by a vacuum pump at the ground surface"[1].

Notification: These ongoing leaks are critical Aging Management Reliability Issues. In its 2009-2010 Summary to the JFC, issued in August 2010, Fairewinds Associates, Inc recommended that at least one extraction well be operated continuously until Vermont Yankee is dismantled in order to assure that cesium, strontium and any other radioactive isotopes that remain trapped in the soil do not make further progressive movement toward the Connecticut River. In addition to continued operation of the tritiated water extraction well(s), Fairewinds Associates, Inc also recommends that the Legislature instruct the Department of Health to cease publicizing ENVY information on its State Website, but rather to instruct Entergy to issue the information in the form of a Press Release so it is clear that such information is an ENVY opinion is not misrepresented as an official position of the State. Furthermore, in order to prevent the migration of cesium and strontium to the water table, aquifer, and Connecticut River, Fairewinds Associates continues to recommend that the extraction well nearest the area of the initial leak continue to operate until the Vermont Yankee nuclear power plant is decommissioned, dismantled, and the site is returned to Greenfield status.

Immediately prior to Thanksgiving, on November 23, 2010, the Vermont Department of Health (DOH) announced on its website that on November 18, 2010 ENVY shut down its tritium extraction wells. The DOH site stated:

> "On November 18, Entergy Vermont Yankee officials told the Health Department that the 300,000 gallon objective for groundwater remediation had been met, and groundwater extraction has been terminated." (http://healthvermont.gov/enviro/rad/yankee/tritium.aspx)

Fairewinds Associates observed that since this Entergy notification was posted on an official State website, various newspapers across the State interpreted the notice to mean that turning off the extraction wells was approved by the DOH. The headlines from the November 24

[1] http://www.contaminatedsite.com/glossary/glossary%20-%20e.htm, Contaminated And Hazardous Waste Site Management Glossary, Gowen Environmental.

Burlington Free Press read, "Vermont Health Dept. says tritium cleaned at nuke plant". The New England Cable Network said, "VT Health Dept. says tritium cleaned at nuke plant", and the Brattleboro Reformer headline read, "Tritium cleanup finished at VY". Concernedly, when did Entergy notify the DOH or the DPS that is was ceasing operation of these critical extraction wells? Was DOH or DPS notified of this critical operational change prior to the November 18, 2010 cessation date, on that date or not until immediately prior to the Thanksgiving holiday so that the scientific facts would get lost during the holiday rush and news coverage. Fairewinds Associates, Inc wants to remind the Legislature that Entergy has exhibited a pattern of sending out press releases regarding critical safety and reliability issues on Friday afternoons at 5 pm in hopes of avoiding public and media scrutiny.

In fact, months earlier, ENVY made the decision to shut off the extraction wells based upon how much water had been removed, rather than how much tritium remained in the soil. Prior to the discovery of tritium in bedrock, ENVY decided that when it extracted 300,000 gallons of tritiated water from the soil the extraction wells would be shut down regardless of how much tritium still migrated across the site. In spite of the new tritium contamination in the bedrock, ENVY did not revise its earlier decision stop the tritium extraction effort. Neither ENVY nor the state mandated any criteria regarding the cessation of this critical extraction well.

According to the October 12 edition of Vermont Digger, "Larry Smith, spokesman for Vermont Yankee, said Entergy will "re-evaluate" whether it should halt the extraction once the corporation has reached its target extraction total of 300,000 gallons. So far, the company has pumped 267,000 gallons of contaminated water from the site"

ENVY has planned to end service of the tritiated water extraction wells at the beginning of December 2010, at which time it anticipated having removed approximately 300,000 gallons of tritiated water from the shallow surface wells. December 2010 also appears to have been chosen as a date to close the tritiated water extraction wells in order to avoid any winter freezing issues in the extraction of the well pipes. *In Fairewinds Associates' opinion a nominal investment by ENVY would successfully mitigate such tritiated water extraction well pipe freezing issues during Vermont's winter weather.* In Fairewinds 2009-2010 Summary to the JFC, *Fairewinds*

Associates, Inc recommended that at least one extraction well be operated continuously until the plant is dismantled to assure that cesium, strontium and other isotopes remain trapped in the soil and not make further progressive movement toward the Connecticut River or to bedrock and the aquifer. Moreover, Fairewinds' recommendation was made in August 2010, months prior to the October 2010 discovery of tritiated water contamination in the Construction Office Building (COB) drinking water well.

The October 2010 discovery of tritiated water at a level seven times deeper than previously indicated confirms Fairewinds' August 2010 recommendation that ENVY must keep at least one extraction well running until the plant is dismantled. In fact, due to the recent discovery of 1,000 pCi/l of tritiated in the former Construction Office Building (COB) drinking water well, it now appears necessary to keep as many extraction wells running as possible until the plant is dismantled. Whatever tritiated water may be removed from the surface wells is isotopic contaminated water that will not enter bedrock and threaten the underlying aquifer.

2.4. Additional Monitoring Wells Placed On Site Following Tritium Leak

In addition to its eastward migration toward the river, it appears that the plume of tritiated water and other radioactive isotopes have migrated further north and is moving downward into bedrock and toward the aquifer. *Fairewinds Associates, Inc recommends that a formal testing schedule monitoring the on-site plume, Connecticut River fish, and on-site vegetation be conducted for tritium, strontium and cesium.*

Well GZ-13, which was located considerably to the north of the plume in April, is included within the plume as of September 2010. This evidence shows that the tritium plume widening at the same time as it is being drawn deeper toward the aquifer as evidenced by the detection of tritium 200 feet into the bedrock. While, the Vermont Yankee Nuclear Power Plant site contains numerous other shallow wells that have been drilled to monitor the spread of the tritiated water from the leak from the Advanced Off Gas (AOG) system that was uncovered in January 2010 the testing frequency is not adequate to assess plume migration and possible environmental damage.

The Vermont Department of Health (DOH) website[2] is an excellent source for data regarding the tritium concentration in these sampling wells. The data indicates that tritium concentrations have decreased near the leak while increasing further away from the leak. For instance, well GZ-3, the first monitoring well in which the tritium leak was detected in January 2010 had a reading of 700pCi/l in January. Now GZ-3 has readings more than 100,000 pCi/l according to monitoring data collected at the end of October 2010. Well GZ-10, the monitoring well nearest the leak had readings of 2,000,000 pCi/l in February 2010, while the October 2010 data shows that GZ-10 has readings near zero. This change in well concentrations shows that the radioactive plume of tritium and other isotopes continues to move east toward the Connecticut River.

2.5. New Safety Related Leak in the High Pressure Coolant Injection (HPCI) System

The recently uncovered leak in ENVY's High Pressure Coolant Injection system (HPCI) is another Vermont Yankee aging management reliability issue. Fairewinds Associates' other significant concern regarding this leak is that the DPS did not notify the DOH of the radiation leak for three weeks. While it is most likely that all the radiation that leaked from the remained contained within the reactor building, *Fairewinds Associates maintains that statewide protocols should exist by which the DOH, which is tasked with the radiation monitoring of Vermont Yankee, is always made aware of any and all leaks at ENVY. Such protocols should be put in place from this point forward given ENVY's aging management reliability issues.*

On September 24, 2010 an auxiliary operator noticed steam coming from a pipe in ENVY's HPCI. According to records, The Department of Public Service State Nuclear Engineer was notified of the HPCI leak on September 27, 2010. Almost one month later, on October 19, 2010, independent sources notified Fairewinds Associates of the HPCI leak. At that time, Fairewinds Associates' Chief Engineer Arnie Gundersen requested that the DPS engineer look into the reported problem and was assured that DPS would investigate. On October 20, the DPS engineer confirmed to Fairewinds Associates that a leak in the HPCI system had indeed occurred. DPS had already been aware of the HPCI system leak for three weeks, but did not notify the Department of Health regarding the existence of the leak until October 20, 2010. Both

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[2] http://www.healthvermont.gov/enviro/rad/yankee/documents/VYTritiumData.pdf

DOH and Fairewinds Associates, the JFC consultant, had been unaware of the leak for almost a full month, although NRC had been notified early on as had DPS.

After Fairewinds Associates and DOH were notified of the HPCI leak, NRC Region 1 spokesperson Neil Sheehan issued the following statement:

> "The leak was discovered on Sept. 24 when an operator, during normal rounds, observed a puff of steam coming off a line. It is a pinhole leak on a 1-inch drain line for the High-Pressure Coolant Injection (HPCI) system. That system would be used if the reactor had to shut down suddenly. Since high pressure levels would remain inside the reactor vessel, the HPCI system can be used to inject water inside despite those conditions.
>
> The system and the drain line are located inside the reactor building. As such, any leakage is captured by a sump and sent to a radioactive liquids treatment system.
>
> The company apparently needed to time to develop a repair plan. It also would have prioritized the work based on the safety significance. It was -- and is -- low in this case.
>
> Entergy attempted to repair the leak on Oct. 6 and could not get good steam isolation on the system without going into the steam tunnel. Therefore, the company decided to halt the effort and rescheduled it for Oct. 15. On Oct. 15, they found it was not a weld that was leaking but that a through-wall hole (pinhole leak) had developed and a different repair plan would have to be put together.
>
> Our Resident Inspectors at Vermont Yankee have stayed on top of the issue and will continue to monitor the company's repair efforts."

According to Entergy and the NRC, while the leak was releasing radioactive steam and water into the reactor building, none of that radiation is reaching the environment because it is both collected and treated inside the reactor building. Fairewinds believes that the significance of the HPCI leak is that it is located in a Safety Related System (SRS) used to cool the plant in an emergency. High Pressure Safety Related piping is subject to more stringent design, construction, and inspection requirements, therefore it is critical that piping defects in Safety Related Systems should be identified prior to leaking. According to the NRC:

> "The high pressure coolant injection (HPCI) system is an independent emergency core cooling system requiring no auxiliary ac power, plant air systems, or external cooling water systems to perform its purpose of providing make up water to the reactor vessel for core cooling under small and intermediate size loss of coolant accidents. The high pressure coolant injection system can supply make up water to the reactor vessel from above rated reactor pressure to a reactor

> pressure below that at which the low pressure emergency core cooling systems can inject."[3] See Attachment 1, NRC Schematic BWR HPCI.

Before a possible cause of the leak was even analyzed, the State's DPS engineer stated that the leak in the pipe was due to "erosion"[4]. It is the opinion of Fairewinds Associates, Inc that it would be technically impossible for "erosion" to cause this leak since the leak is in a one-inch drain line containing stagnant water, and therefore the pipes would not be subject to the effects of erosion because the water is stagnant, not moving, and not eroding. Once again, it is Fairewinds Associates' belief that this is another Vermont Yankee reliability issue due to aging management. The industry record substantiates such an opinion where leaks of this type are generally age related and corrosion induced. A similar one-inch pipe with stagnant water in the Reactor Water Clean-up system leaked in 2009. Moreover, because stagnant water cannot cause erosion, Fairewinds believes that corrosion[5] due to stagnation is the most likely cause of the hole in the HPCI. While, the Public Oversight Panel also identified problems in the Flow Accelerated Corrosion program due to improper use of Line Correction Factors, it is unlikely that flow accelerated corrosion would be the cause of this leak since there is no flow in this stagnant pipe.

In its first report issued to the Legislature in March 2009, the Public Oversight Panel identified that the Vermont Yankee Nuclear Power Plant has experienced Microbiologically Induced Corrosion (MIC) in its Service Water System, and this issue has also been discussed in previous Fairewinds Associates' reports. However, the Service Water System uses unpurified Connecticut River water while the HPCI system uses purified water, so MIC is an unlikely cause of this newly discovered leak.

In order to fully repair the leak, ENVY had to make the system "inoperable" while repairs were made, and since the HPCI is a safety system, this means that other systems must be ready in the

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[3] *Reactor Concepts Manual, Boiling Water Reactor Systems,* USNRC Technical Training Center 3-13 Rev 0200, http://www.google.com/url?sa=t&source=web&cd=8&ved=0CD0QFjAH&url=http%3A%2F%2Fwww.nrc.gov%2Freading-rm%2Fbasic-ref%2Fteachers%2F03.pdf&rct=j&q=%20%20high%20pressure%20coolant%20injection%20system&ei=3LLJTOXmEYOC8gav1LH0Cg&usg=AFQjCNEW-LKzczHbUs9S8iz2NBxH9sbSnw&sig2=BB8r94JPS4o6MBSbMKlssg

[4] Erosion - gradual wearing away of the Earth by wind or water; disintegration; deterioration http://dictionary.babylon.com/erosion/

[5] Corrosion - wear, deterioration; rust, oxidation http://dictionary.babylon.com/corrosion/

event of an accident. The NRC allows this particular safety system to be made "inoperable" for a short amount of time in order to make emergency repairs. If, after the seven-day allotted time span for the repair, the repair has not been completed, then ENVY would have to shut down the plant until the repair is completed. In fact when the plant was shut down in order to repair the feedwater system leak (see below), ENVY also fixed the HPCI leak.

2.6. Another Feedwater System Leak

Notification: The recent (November 2010) leak in Vermont Yankee's feedwater systems is indicative of a systemic issue within Entergy's aging fleet of nuclear power plants. "Limited resource allocation for non-safety systems might, therefore, be systemic within Entergy," according to the July 2010 final report of the Vermont Yankee Public Oversight Panel.

Fairewinds Associates, Inc recommends that Entergy identify and monitor all gamma ports and plugs given this systemic aging management reliability issue at old plants like ENVY and Entergy Nuclear Indian Point. Gamma ports are holes that were used during construction to inspect pipe welds and were subsequently plugged. After construction, the holes are plugged by welding over them, and then they are abandoned.

On November 7, 2010 an operator noticed water leaking from a large, 24-inch Feedwater pipe. Vermont Yankee decided to shut the plant down to repair this leak. According to a Vermont Yankee press release:

> "The Vermont Yankee Nuclear Power Plant in Vernon is commencing a plant shutdown at approximately 7:00 p.m. Sunday night. On Sunday plant operators identified leakage of approximately 60 drops per minute from a system pipe. Subsequent investigation by technicians and engineers identified the leak to be in the feedwater system piping. Because the leak is in a 24 inch piping section which cannot be repaired with the plant in operation, a conservative decision was made to take the plant out of service to perform a repair."

Fairewinds Associates notes that this is the second leak in the feedwater system since 2009. The location of this latest feedwater leak was in an old "gamma port" in the feedwater pipe. In January 2009, a different old "gamma port" in feedwater pipe leaked in a similar fashion. As a result of our questions, DPS contractor NSA informed Fairewinds Associates that these are the first two-gamma port plugs at Vermont Yankee determined to be leaking.

In 2009 and again in 2010, the radioactive leakage from these "gamma plugs" was captured within the buildings and properly treated as radioactive waste. Unlike the tritium leak, these two feedwater leaks did not release unmonitored radiation into the environment.

While the feedwater system contains high pressure, high temperature radioactive water, the NRC does not consider it to be "safety related." However, in July 2010, the Public Oversight Panel expressed its concerns about whether ENVY is allocating enough resources to these reliability systems that are not safety related. On page 9 of the *Supplemental Report of the Public Oversight Panel Regarding the Comprehensive Reliability Assessment of the Vermont Yankee Nuclear Power Plant, July 20, 2010,* the Public Oversight Panel stated:

> "NSA has determined one common cause of these longstanding AOG problems to be a lack of adequate resources being applied to solve each issue definitively. The Panel agrees with NSA that ENVY has not applied enough resources to assure that the AOG system continues to function reliably in the future.
>
> In its 2009 report, the Panel noted that inadequacy of available resources for non-safety related systems probably contributed to the cooling tower collapse in 2007 and leakage in 2008. The Panel is concerned that, one year later, inadequate application of resources continues to plague some non-safety systems, this time the AOG system. In its 2009 report, the Panel said,
>
>> Management issues – ENVY management needs to do a more effective job of leading VY in improvement changes and in effectively applying procedures and processes. ENVY management attention and leadership for the changes recommended by the Report are extremely important as the ENVY workforce changes with retirement and replacements of long term employees. ENVY management needs to assure adequate resources are allocated to the reliability of nonsafety-related systems. (Oversight Panel Report for the Vermont Yankee Reliability Assessment, March 2009, page iii)
>
> Other outside observers have also identified resource allocation problems within Entergy. Writing about the Indian Point nuclear plants in New York, Entergy's own team of experts said,
>
>> The physical condition of the plant in non-safety areas is visibly deficient. While station personnel pay close attention to the care, maintenance and operation of plant safety systems, the care and maintenance of some other plant systems and structures do not meet the standards of high-performing plants.... While these have no direct bearing on safe operation of the plant, it is the Panel's view that the maintenance and preservation of non-critical plant systems, equipment and structures is important, because it communicates to employees and the public alike the owner's and operators' commitment and professionalism. (Indian Point Independent Safety Evaluation Report July 31, 2008, page 11)

In its supplemental report, the Public Oversight Panel also stated that:

> **"Limited resource allocation for non-safety systems might, therefore, be systemic within Entergy.**
>
> **The issue of inadequate application of resources takes on heightened importance given Entergy's status as an aging plant. Over the remainder of Entergy's operating life, the possibility of shutdown within a few years can never be ruled out and will become a near certainty at some point."**[6]
> [Emphasis added]

2.7. Act 189 And Review Of ENVY's Feedwater System Reliability

Notification: Fairewinds Associates, Inc notifies the Legislature that the NSA Report[7] *missed identifying inspection problems that appear to be endemic throughout the feedwater system and the resulting reliability failure that has resulted in two leaks in 22-months.*

Fairewinds Associates has not uncovered any record of periodic inspection of any piping segment plugs that were abandoned in place after being used in construction. *Fairewinds Associates, Inc recommends that periodic inspection of such piping systems be undertaken in order to assure ENVY's reliability due to its aging management reliability issues.*

The Vermont legislature specifically chose ENVY's feedwater system as one of the reliability systems to be evaluated by the DPS contractor NSA. It appears that the NSA report to the legislature missed this reliability issue that has resulted in two leaks during the past 22-months.

Since January of 2009, ENVY's reliability has been adversely affected by two leaks in the VY's feedwater system. Both leaks appear to be linked to "gamma ports" used during construction. In a review of the December 2008 NSA report to the Legislature, Fairewinds Associates was not able to find any discussion or reliability assessment of leaky gamma ports in the feedwater system nor in any of Vermont Yankee's large bore pipe system. While the Feedwater portion of the report contains a section regarding inspection, it does not investigate possible leaks in the feedwater system that may be undetected until openly leaking and the adverse impact of such undetectable leakage upon plant reliability.

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[6] *Supplemental Report of the Public Oversight Panel Regarding the Comprehensive Reliability Assessment of the Vermont Yankee Nuclear Power Plant, July 20, 2010,* Page 10
[7] NSA – Nuclear Safety Associates – The Contractor hired by DPS to conduct the Act 189 Audit.

2.8. NRC Root Cause Analysis Of Vermont Yankee's Tritium Leak

Notification: Fairewinds Associates, Inc wants to inform the Legislature that both the NRC and ENVY's root cause analyses of the tritium leaks are inadequate. The Public Oversight Panel Supplemental Report had a more thorough analysis in which it determined that the lack of a questioning attitude and inadequate resources were in fact the root cause of the tritium leaks.

Notification: Fairewinds Associates, Inc notes that if aging problems caused the tritium leaks and aging problems caused the gamma plug leaks, then the effectiveness of ENVY's aging management program is not adequate to assure Vermont Yankee's ongoing reliability.

The cause of the ENVY's January 2010 tritium leak was reviewed and analyzed by the NRC, and a report delineating the analysis and the NRC issued its review of the causes on October 13, 2010.

Background: The tritium leak that was first detected during the winter of 2010 was not a single failure of any one component, but rather a larger breakdown of many components. Beginning in 2007, two separate Advanced Off Gas (AOG) system pipes leaked steam and water into a closed concrete vault during an extended time period. That concrete vault, which was designed and constructed during the early 1970's, had a special drain line with which to collect any leakage. However, that drain line was most likely clogged with dirt since its construction during the 1970's and in fact it may never have worked as designed. Since the drain was plugged, the concrete vault filled with radioactive water containing tritium, cesium, strontium, and cobalt that then leaked out near a wooden two by four that had also been left since the early 1970's.

In its October 13, 2010 Inspection Report evaluating the "Root Cause" of the AOG (Advanced Off Gas System) tritium leak detected in January 2010, the NRC determined that the root cause was due to construction techniques applied during the 1970's. NRC said,

> "The failure to satisfy early construction and housekeeping standards during the 1970s, as well as the lack of corporate emphasis and commitment to the timely implementation of a buried piping inspection and remediation program, are what ultimately resulted in the tritium contamination in 2009/10."

Fairewinds Associates notes that the entire power plant was originally constructed at the same time as the AOG (Advanced Off Gas System) vault that leaked and therefore was built to the same 1970 construction standards and 1970 housekeeping standards as the AOG vault. In Fairewinds opinion, it is disingenuous to suggest that the problems associated with the vault might not be found elsewhere in this nuclear plant. Indeed, as has been previously discussed in this report, during November 2010 a gamma plug failed in the feedwater system. Another gamma plug in the feedwater system also failed in January 2009. The failures of these plugs were related to poor weld seals, these aging plugs were also installed in the feedwater piping during the early 1970's.

Section 3. Progress On Act 189 Reliability List

3.1. What Is The Definition Of Complete?

Notification: While some goals have actually been achieved, on larger efforts *"complete" only means that the DPS contractor, NSA, believes that ENVY has created a process by which to achieve the goal at some point in the future. Fairewinds Associates, Inc recommends mandatory, monthly updates by DPS on each of the 90-items delineated by the Public Oversight Panel in response to Act 189.*

<u>Monitoring of these "closed" items means that the State's Nuclear Engineer is not only responsible to assure ENVY continues to meet its performance metrics, but that there will no longer be review meetings by which to assure that ENVY is indeed meeting standards the legislature set in place in order to assure ENVY's reliability. For those items that the State Engineer has responsibility for monitoring, NSA or other experts will only be involved from this point forward if the State Engineer believes it is necessary.</u>

Before the Legislature reconvenes in January 2011, the DPS, its consultant NSA, and Vermont Yankee's staff set a goal of "closing" all 81-items identified in the original NSA report as well as completing review of the additional 9 items from the supplemental AOG (Advanced Off Gas System tritium leak) inspection. Monitoring of these "closed" items means that the State's Engineer is the only person reviewing the 91-items outlined as critical reliability issues by the Vermont Yankee Public Oversight Panel. The DPS will no longer hold review meetings by which to assure that ENVY is indeed meeting standards the legislature set in place in order to assure ENVY's reliability. *For those items that the State Engineer has responsibility for monitoring, NSA or other experts will only be involved from this point forward if the State Engineer believes it is necessary. Given the critical engineering nature of these issues, Fairewinds Associates, Inc recommends ongoing oversight of this process by an independent party in conjunction with the DPS.*

While the DPS goal of "closing" ENVY's list of repair items has been achieved, Fairewinds Associates would like the Legislature to be informed that the term "closing" as applied to the list of 90-items does not mean that any actual task has been accomplished or fully completed, and in Fairewinds Associates' opinion, such action does not fulfill the mandate of Act 189 or assure Vermonter that ENVY's aging management reliability issues have been rectified.

3.2. Procedure Upgrades

Notification: Only 10 percent of all procedures necessary for the effective operation of the Vermont Yankee nuclear power plant have been updated and revised. ENVY remains severely behind on this critical item, and the only person overseeing this process is the DPS engineer.

One area of critical concern to the Public Oversight Panel is the improvement of ENVY's operating procedures. The Public Oversight Panel determined that procedure upgrades were critical due to ENVY's aging employees who are beginning to retire. Revised procedures were deemed necessary to transfer knowledge between VY's older staff and personnel who would run the plant for the next 20-years if it is relicensed. There are about 875 procedures that need to be rewritten. ENVY chose to rewrite 220 procedures in its "Phase 1", and those 220 procedures were to have been rewritten by September 2010. In actuality, ENVY has only completed the procedure writing on 70-procedures. The new goal agreed upon by DPS and ENVY is that the initial 220 procedures will be completed and approved for use sometime during the first quarter of 2011. Recently ENVY hired three contractors to assist in procedure writing to meet this new goal. So, although only 10 percent of ENVY's critical operating procedures have been rewritten and approved, the *procedure upgrade process* has been approved by NSA and therefore the requirement has been reclassified as closed and color-coded Blue, meaning that no further action is required except for monitoring by the DPS State Engineer.

3.3. Staffing Levels

Notification: The number of on-site personnel has declined by at least 22-employees between January 2010 and September 2010; just as the plant has been facing reliability issues and leaks that require more personnel, not less.

In September, Fairewinds asked the State's Engineer to investigate a troubling trend in staffing at VY that he is responsible for monitoring. Fairewinds identified to the State's Engineer that personnel in the "Site Cost Center" have decreased from 609 in January to 587 at the end of September. While the State's Engineer promised to investigate, there has been no response to Fairewinds query almost two months later. This is an area of concern that was also identified by the Public Oversight Panel. *See "Cooperation" Section below.*

3.4. Microbiologically Induced corrosion (MIC)

At the end of September, the plant's MIC index showed that 77 percent of the plant is experiencing MIC. Specifically, plant data shows that the MIC index as 23% green (good), 17% red (bad), and 60% yellow (concern). Again, the State Engineer is responsible for monitoring these trends.

3.5. Condenser

Most nuclear power plants replace their condenser at between 20 and 30 years of continued operation. Vermont Yankee's condenser has lasted 39-years. Condenser leaks adversely affect reliability and the water quality of the water that is used inside the nuclear plant as the primary reactor coolant. The earliest that ENVY plans to replace this aging Condenser is 2016.

Condensers have been known to fail catastrophically, as occurred at Entergy's Grand Gulf Plant shutting down the plant for several months. Thus failure of the Condenser would have a deleterious impact upon Vermont Yankee's overall reliability. In previous hearing testimony, Fairewinds Associates noted that rather than invest $200,000,000 (in 2016 dollars) in a new condenser, Entergy may choose instead to shut down the plant. If the price of electricity does not rebound, it would be difficult to recoup such a large investment during the final years of the plant's life.

3.6. Public Oversight Panel Supplemental Recommendations

Finally, Fairewinds notes that the DPS and ENVY have not acted upon the Public Oversight Panel's recommendations presented in their July report to the Legislature. The panel noted that the plant staff lacked a questioning attitude and the ENVY was not providing adequate resources to improve Vermont Yankee in a timely fashion. The recent example of the "gamma port" failure in the feedwater system indicate both a lack of a questioning attitude and the fact that insufficient resources are being applied at VY on areas of reliability concern.

3.7. Degraded Reliability in 2010

There have been three Unplanned Shutdowns Since May 2010. The Public Oversight Panel's supplemental report also acknowledged that between ENVY's Fall 2007 refueling outage and its November 2009 refueling outage, VY had a "breaker to breaker" run of 530 days without a shutdown. After reviewing the historical record, Fairewinds has determined Vermont Yankee ended its latest refueling outage on May 24, 2010, at which time Entergy issued a press release that stated:

> "Early this morning (5/24), Vermont Yankee control room operators brought the 650 megawatt nuclear power plant back into service. …The Entergy Vermont Yankee team and our specialized contract workers conducted this complex work initiative with safety and quality as the highest priorities".

On May 26, 2010, the plant tripped off line and Entergy released the following press release:

> "The Vermont Yankee nuclear power station automatically shut down today at approximately 3:25 p.m. The plant was at 70 percent of its normal output after restarting from its refueling and maintenance outage. Plant systems responded safely as designed. Plant technicians are investigating the cause of the shutdown. Initial indications are that the shutdown was caused by a problem 345KV switchyard located outside the plant. There has been no release of radiation."

After repairs were made, Vermont Yankee started back up once again on May 29. As it's nuclear chain reaction began to generate steam and the off gas system was placed in service again, operators noticed a new leak and once again shut the plant down. Entergy issued the following press release:

> "During plant start-up activities Friday night, plant operators identified a condition described as vapor and water dripping in the Advanced Off Gas excavated area. The volume was estimated to be extremely small and occurred over a period of approximately four hours.
>
> This was a new leak. The leak has been stopped and there is no leak at this time.
>
> There is no threat to public health or safety.
>
> The vapor and water dripping was identified at approximately 730 pm during warm up of the AOG system.
>
> No leakage was visible after warm up and shortly after the AOG system was placed in service.
>
> The leak has been located on a two-inch drain line and is approximately one eighth of an inch in diameter.
>
> The vapor and water dripping was observed coming from the end of a concrete enclosure surrounding a two-inch drain line in the AOG excavation just before the pipe enters the wall of the drain tank room.
>
> Soil testing of the area has been performed and tested positive for several radioisotopes in a one-foot radius from the leak source."

Once again, after this leak was repaired, the plant started up again and ran for 163 days before shutting down once again because of a leak in the feedwater system on November 7, 2010. Entergy issued the following press release at that time:

> "The Vermont Yankee Nuclear Power Plant in Vernon is commencing a plant shutdown at approximately 7:00 p.m. Sunday night. On Sunday plant operators identified leakage of approximately 60 drops per minute from a system pipe. Subsequent investigation by technicians and engineers identified the leak to be in the feedwater system piping. Because the leak is in a 24-inch piping section, which cannot be repaired with the plant in operation, a conservative decision was made to take the plant out of service to perform a repair.
>
> The NRC Resident Inspector has been informed of the issue and of the plan to remove the station from service. The plant had been operating at reduced power for a scheduled rod pattern adjustment and to support line work by Public Service Company of New Hampshire. The plant had been on line for 163 days of continuous operation."

The NRC usually applies increased inspection attention to reactors that shutdown unexpectedly three or more times in 7,000 hours. However, the NRC has decided that since these additional shut-downs did not occur while VY was operating at full power, it will not provide additional inspections until VY shuts down two more times.

Section 4. Cooperation Between The DPS And Fairewinds Associates, Inc

The Department of Public Service and its state nuclear engineer are tasked with monitoring ENVY's progress on a variety of issues, including but not limited to its compliance with Legislative Statue Act 189. Fairewinds Associates, Inc specifically wrote to the DPS state engineer requesting progress graphs that the DPS is required to monitor. Incredibly, the DPS wrote back that it does not have any ENVY progress graphs. If the DPS is unable to answer these reliability issues, then ENVY is not receiving the requisite oversight Act 189 required in order to ascertain and assure ENVY's continued operating reliability. Such oversight is especially critical given the DPS decision to designate unfinished items as complete.

The following exchange is the most recent example of communication difficulties. These requested graphs include the staffing issues that are required post Act 189 monitoring issues.

> From: Arnie Gundersen
> Sent: Monday, November 29, 2010 8:38 AM
> To: Vanags, Uldis
> Subject: copies
> Hi Uldis,
> May I have copies of the performance graphs that are posted on the wall outside Mike Coulomb's office? I believe they are updated monthly, so as they are updates, would you send those along each month.
> Thanks, Arnie
>
> > On Nov 30, 2010, at 4:10 PM, Vanags, Uldis wrote:
> > Hi Arnie: I don't have copies of the performance graphs outside of the nuclear station. Please submit your information requests to Mike McKenney at Vermont Yankee so they can process it.
> > I sent you Mike's contact information earlier but if you can't locate it I will be glad to send it to you.
> > Hope you had a good holiday,
> > Uldis
> > Uldis Vanags
> > State Nuclear Engineer
> > Vermont Department of Public Service
> > 112 State Street
> > Montpelier, VT 05620-2601
> >
> > > From: Arnie Gundersen
> > > Date: November 30, 2010 4:23:48 PM EST
> > > To: "Vanags, Uldis" "Hofmann, Sarah"
> > > Subject: Re: copies
> > > Uldis, Thanks for replying. Arnie

In order to fulfill its consultancy role to the Joint Fiscal Committee, Fairewinds Associates, Inc has asked appropriate questions of the DPS and believes is not receiving adequate or appropriate answers in reply. The evidence and job description show that in its oversight role as the state agency designated with monitoring the operation of Vermont Yankee, the DPS should know the answers to the questions Fairewinds Associates, Inc is asking, but the DPS engineer instead has attempted to make this issue a jurisdictional issue among the Legislature, Fairewinds Associates, Inc, and Entergy Nuclear Vermont Yankee. After refusing to answer two questions from Fairewinds Associates, the DPS claimed it would reply to Fairewinds Associates' third question in a timely manner, but as of the publication of this report, DPS still has not responded.

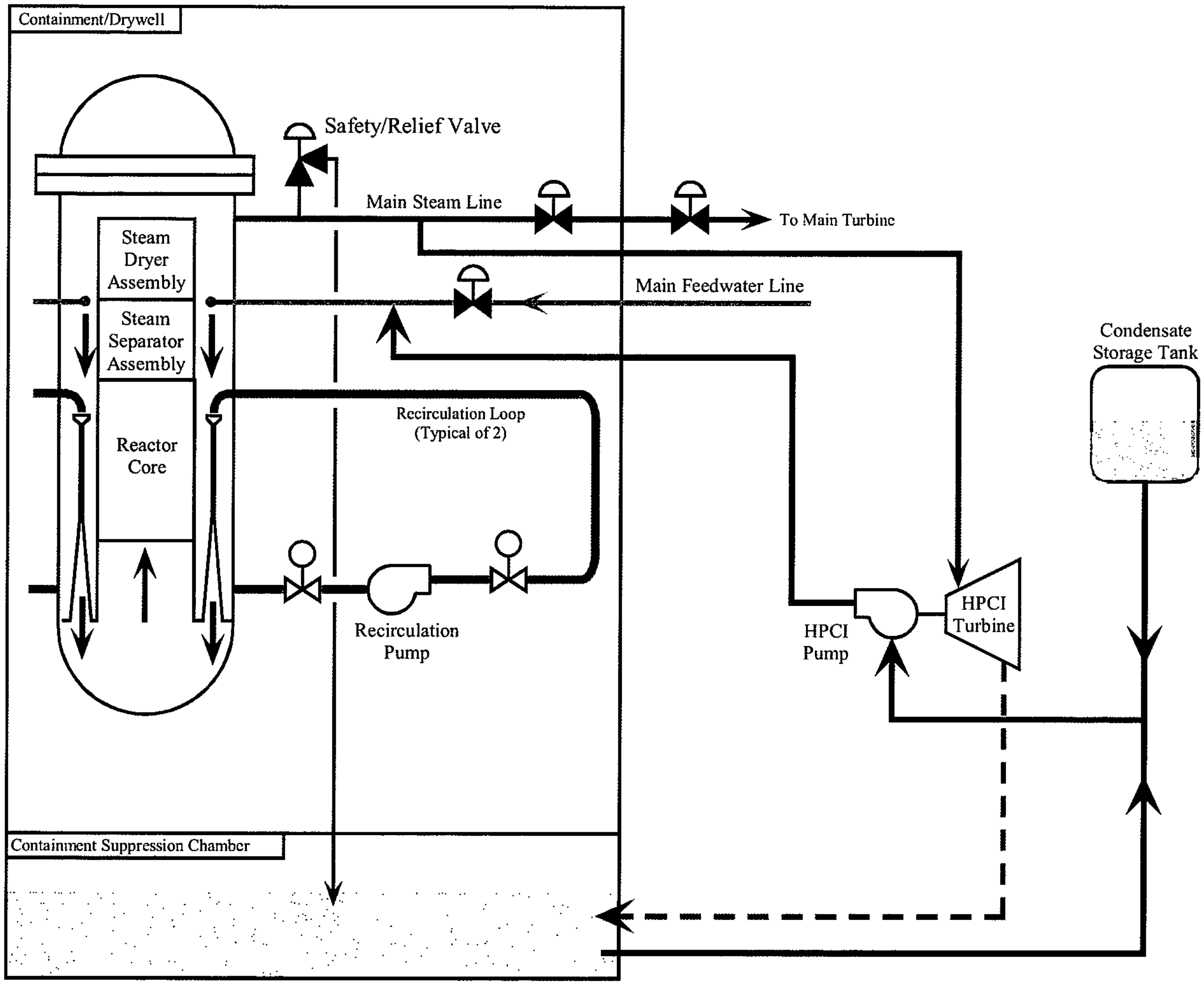
In October, Fairewinds made the following request of the DPS:

> From: Arnie Gundersen
> Sent: Wednesday, October 20, 2010 9:16 AM
> To: Vanags, Uldis; Hofmann, Sarah
> Subject: keep me informed about...
> Hi Uldis
> I would like to be kept informed about:
>
> - The cause of crack/leak in the HPCI and when VY enters an LCO condition. Generic Letter 91-18 Supplement 1 established the agency's expectations for determining when degraded conditions do not render a system inoperable. It covers things like missing a required surveillance test and when in-plant discoveries reveal a component to be other than as designed.
> - Can you confirm that VY followed this guidance and provided reasonable engineering judgment that the leaking weld would not impair the safety function of the HPCI system throughout the entire length of that safety mission? If 91-18 was properly applied, HPCI could be operable now, but would become inoperable when workers cut into the pipe for the repairs to the weld. That analysis would also have to consider the pre-existing leak of radioactive fluid into either primary containment (if the leaking weld is inside the drywell) or secondary containment. Most safety analyses assume a leak of up to 25 gpm of fluid containing the post-accident source term into the secondary containment for worker and EQ doses.
>
> Could you explain what the two different staffing titles mean? "Site Cost Center" and "Site Total" as well as the red line "Total Budgeted Positions". It looks like the Site Cost Center has dropped from 609 in January to 587 in September (22 fewer people in the Site Cost Center) and the "Site Total" has dropped from 640 in January to 620 in September (20 fewer people in the Site Total). It is unclear it the horizontal red line marked "Total Budgeted Positions" (@ 609 people) apples to the Site Total or to the Site Cost Center. Could you explain?

In response, the DPS sent the following email to Fairewinds:

> From: "Vanags, Uldis"
> Date: October 20, 2010 2:56:21 PM EDT
> To: 'Arnie Gundersen' "Hofmann, Sarah"
> Subject: RE: keep me informed about...
> Hi Arnie: I read over the information request you have below, and while I enjoy discussing these topics with you when we get together, I feel that the first two questions concerning the HPSI would be better addressed by Vermont Yankee. If you remember in your JFO capacity the Department does not serve as "middleman" as it did with the POP. Please see the email I pasted below for the address to whom to send your questions. I will answer your third question about the staffing which I discussed with the NSA folks.
> Uldis
>
> > From: Vanags, Uldis Sent: Monday, March 15, 2010 2:23 PM To: 'Arnie Gundersen' Cc: Hofmann, Sarah; Cotter, John; 'McKenney, Michael P'; McCann, John
> > Subject: Process to submit questions to Vermont Yankee
> > Arnie: As I mentioned at the RIC, questions to Vermont Yankee via your JFO capacity need to be submitted to the plant directly by you. I discussed this with John McCann and he stated that questions are to be submitted in letter form mailed to Michael McKenney, Acting State Liaison Engineer, and copied to Michael Colomb, Site Vice President.
> > The address is:
> >
> > > Michael McKenney
> > > Acting State Liaison Engineer
> > > Entergy Nuclear Operations Inc.
> > > Vermont Yankee Nuclear Power Station
> > > 320 Governor Hunt Road
> > > Vernon, Vt. 05354
> >
> > Let me know if you have any questions. Uldis

During the September and October meetings among the Act 189 consultants at Vermont Yankee, which Mr. Gundersen attended, note was made regarding the tracking issues that the DPS engineer must continue in his ongoing responsibility to make sure ENVY is implementing the corrections determined by the Vermont Yankee Public Oversight Panel. The questions asked by Mr. Gundersen all pertain to the specific issues regarding Vermont Yankee's aging management and reliability. If the DPS is not able to answer these reliability issues, then ENVY is not receiving the requisite oversight Act 189 required in order to ascertain and assure ENVY's continued reliable operation. Fairewinds Associates, Inc believes such oversight is especially critical given the DPS decision to designate unfinished items as complete.



High Pressure Emergency Core Cooling Systems

The high pressure coolant injection (HPCI) system is an independent emergency core cooling system requiring no auxiliary ac power, plant air systems, or external cooling water systems to perform its purpose of providing make up water to the reactor vessel for core cooling under small and intermediate size loss of coolant accidents. The high pressure coolant injection system can supply make up water to the reactor vessel from above rated reactor pressure to a reactor pressure below that at which the low pressure emergency core cooling systems can inject.

The automatic depressurization system (ADS) consists of redundant logics capable of opening selected safety relief valves, when required, to provide reactor depressurization for events involving small or intermediate size loss of coolant accidents if the high pressure coolant injection system is not available or cannot recover reactor vessel water level.