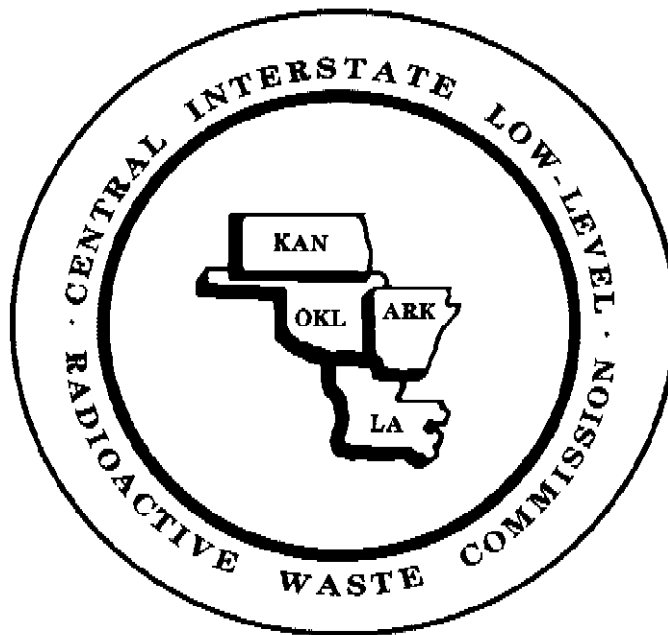


Central Interstate Low-Level Radioactive Waste Commission



**Annual Report
2007-2008**

The purpose and objectives of the Commission are:

To carry out the mandate of the Central Interstate LLRW Compact by providing for and encouraging the safe and economical management of LLRW within the four-state Compact region;

To provide a framework for a cooperative effort to promote the health, safety, and welfare of the citizens and the environment of the Compact region;

To select the necessary regional facilities to accept compatible wastes generated in and from party states, and meeting the requirements of the Compact, giving each party state the right to have the wastes generated within its borders properly managed at such regional facilities;

To take whatever action is necessary to encourage the reduction of waste generated within the Compact region; and

To faithfully and diligently perform its duties and powers as are granted by the Compact.

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Central Interstate Low-Level
 Radioactive Waste Compact
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Commissioners

Arkansas

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Alternate

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Corporation Commission

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Kansas Depart Health &
Environment

Louisiana

Thomas Bickham
Underscretary
Depart of Environmental Quality

Oklahoma

Catherine Sharp
Waste Management Division
Depart of Environmental Quality

Nebraska (until July 17,2004)

F. Gregory Hayden, Ph.D.
Professor of Economics
University of Nebraska - Lincoln

Alternate

Craig Zeisler
Farmer-Rancher

Commission Staff

Administrator: Rita Houskie

Secretary: Terry Davis

Commission Consultants

Financial: Richard Kuzelka

Developer (until 2006): US Ecology

Timeline

1980 – Congress approves the Low-Level Radioactive Waste Policy Act and establishes the waste compact system.

1983 – Nebraska joins Louisiana, Kansas, Oklahoma, and Arkansas to form the Central Interstate Low-Level Radioactive Waste Compact.

1987 – The Compact chooses Nebraska to build its waste site.

1989 – Possible sites in Boyd, Nuckolls and Nemaha counties. Butte, Nebraska, in Boyd County, chosen by the end of the year.

1990 – Site's license application submitted by the Commission's developer, US Ecology.

1991 – Application is deemed complete for technical review. Executive Director, Ray Peery is arrested for embezzling.

1993 – Nebraska issues Notice of Intent to Deny the license. Site boundaries are redrawn to eliminate wetlands. Nebraska dismisses its Notice.

1995 – After several years of review, US Ecology submitted its responses to the fourth and final round of the state's technical comments. US Ecology also submitted its eighth revision to the Safety Analysis Report (SAR). Nebraska estimated the review to take one year.

1996 – Commission sets 'reasonable schedule' for state's completion of license review. Nebraska files suit against the Commission.

1997 – State releases their Draft Safety Evaluation Report and the Draft Environmental Impact Analysis. Of the 152 evaluation areas, the state identified 29 problems with the license application.

1998 – December 21st, Nebraska denied US Ecology's license application. Three major generators filed a lawsuit against Nebraska, its agents and the Commission, claiming injury due to the 'bad faith' review by the state's regulators.

1999 – Commission realigned itself as a plaintiff in the 'bad faith' litigation and initiated cost-cutting measures; including the reduction of staff, closing US Ecology's Lincoln and Butte offices, and requested, from the Court, that Nebraska be barred from spending additional money on licensing activities. Nebraska passed legislation to withdraw from the Compact.

2001 – Discovery efforts begin for the 'bad faith' Federal litigation. The Eighth Circuit Court of Appeals upheld U.S. District Court's decision not to dismiss the litigation on Nebraska's claim of sovereign immunity.

2002 – The trial began in June and continued for approximately eight weeks. In September, the Court issued its decision in favor of the Commission. The award was approximately \$151 million plus interest. Nebraska appealed the decision.

2004 – The Eighth Circuit of Appeals affirmed the lower court decision in February. Nebraska petitioned the Appeals Court for a re-hearing en banc. The Court denied the petition. In July, Nebraska filed a Petition for Writ of Certiorari with the U.S. Supreme Court. Nebraska and the Commission reach an agreement. Nebraska would pay \$140.5 million, all pending litigation would be ended amicably, and for a nine month period a cooperative effort would be made to access disposal outside of the compact boundaries.

2005 – The Commission held meetings to discuss the future role and alternatives of the compact, reviewed claims against the settlement funds and distributed all but \$15 million, adopted Resolutions that ceased the siting of a disposal facility, suspended the joint effort with Nebraska to access

disposal, monitoring of generators' needs, and the disposition of the land in Boyd County.

2006 – The contracted Executive Consultant reported that disposal for Class A waste was sufficient, however, disposal for Classes B and C would end in 2008 with the closing of the Barnwell facility. He recommended that the Commission remain intact and offered a Revised Operating Plan of which was adopted as a guidance document. The land in Boyd County was given to the Village of Butte and an additional \$10 million was distributed to the major generators. Litigation was brought by the major generators regarding the Commission's retention of the remaining \$5 million.

2007 – The U.S. District Court decided in the Commission's favor over the retention of the \$5 million.

2008 – Commission relocates its office.

Significant Events

Commission Meetings

- July 25, 2007, Special Telephone Meeting

A special meeting via telephone was called to take action on one federal export application, eleven non-federal export applications and six utility/major generator export applications. All submitted applications to export llrw were approved by the Commission.

- October 16, 2007, Special Telephone Meeting

The Commission came together in a special telephone meeting that had been called to take action on export applications.

Four non-federal export applications for fiscal year 2007-2008 were approved by the Commission.

The Kansas Alternate participated in this telephone meeting and announced that he would be representing Kansas due to the resignation of Commissioner Harkins, and that a new Alternate would be appointed soon.

- November 14, 2007, Emergency Telephone Meeting

An emergency telephone meeting was called by the Commission due to a November 30, 2007 deadline in the participation and filing of an Amicus Brief in support of the Southeast Compact's litigation in the U.S. Supreme Court.

This Compact, and others, were invited to join the Rocky Mountain and Midwest Compacts in submitting an Amicus Brief concerning principles important to every compact.

Outside Legal Counsel indicated that the issues faced by the Southeast Compact were similar to those faced by this Compact during the Bad Faith litigation with Nebraska. The Southeast Compact was hopeful of the Commission's participation because of the very definite history of problems that happen when a host state defaults on its obligations. Counsel shared that the premise of the Brief would be to show that the compact system is considered as the only viable governance mechanism currently existing for disposal of low-level radioactive waste as there are no alternatives; and, with the reduced disposal availability due to the scheduled closing of the Barnwell disposal facility it is important that host states be held accountable to the obligations they take on as host states.

The Commissioners approved participation in the Amicus Brief filing on behalf of the Southeast Compact pending review of the Brief and provided there were no objections to the language used in the final Brief.

- March 12, 2008, Special Telephone Meeting

Approval was given on eleven non-federal export applications by the Commission at the March 12, 2008 telephone meeting.

The Administrator updated the Commission on the move of the office to her home. She reported that the furnishings had been sold, all long-term leases were gone, phone service reduced to two lines, post office box was secured, Commission's files remain in storage, and the secretary left the Commission's employment in September 2007.

The Chair reported that the Kansas Commissioner, Mr. Hammerschmidt, had resigned and that Kansas was in the process of appointing commissioners. Ms. Albrecht was present on the call as the non-voting Kansas representative.

The KPMG Audit of the Commission's 2006-2007 fiscal year was accepted.

- May 13, 2008, Emergency Telephone Meeting

An emergency meeting was called to take action on two non-federal export applications.

One generator had shipped waste to Energy *Solutions* in Utah without obtaining export authorization from the Commission. To avoid health, safety and additional expense by the return of the waste to the generator the Commission approved the application to export llrw from the Central Region.

A generator in Oklahoma petitioned the Commission to ship waste to the Barnwell, S.C. disposal facility before it closed its doors to the nation on June 30, 2008. The Commission approved the export application.

- June 17, 2008, Annual Meeting

The Annual Meeting of the Central Interstate LLRW Commission was held in New Orleans, Louisiana. The Commissioners came together to take action on routine administrative business.

The Administrator reported that the relocation of the office to her home was complete. She also reported on Utah's request of the NRC for a hearing and a petition for leave to intervene regarding applications to import waste from Italy to Energy *Solutions*. She also indicated that the NRC had issued updated guidance to its fuel cycle and material licensing regarding the potential need to store waste for an extended period once Barnwell closed. The TCEQ issued a license to Waste Control Specialists (WCS) to dispose of radioactive bi-product materials. On December 10th, WCS received the draft license for the low-level radioactive waste portion of their facility.

The Commission's Outside Legal Counsel reported that he had been on several calls regarding Energy *Solutions'* proposal to process and dispose of the Italian waste because one of the port of entry

being considered was New Orleans. It was determined that the Compact, Rules and By-laws do not address waste that is not generated within the Compact's boundaries.

The Chair suggested that the Commission's Rules and By-laws needed a review and possibly some changes and updating due to the changed role of the Commission. Counsel suggested that Rule 10, although written for a different purpose, might be of future use since some generators might have to store their Class B and C waste after Barnwell closes.

The minutes from the July, October, and November, 2007, meetings were approved by the Commission. The minutes from the March and May, 2008, meetings were also approved as written.

The Commission voted to renew the Financial Consultants contract for fiscal year 2008-2009. They also approved four non-federal applications to export low-level radioactive waste from the region.

The Commission also adopted a change to the (Rule 1) export application for the Very Small Generator category by removing 'Occasional Shipper' and 'every three years' from the category. The Annual Budget was approved for fiscal year 2008-2009 with a 9.9% decrease.

The Oklahoma Commissioner was voted in to serve as Chair for fiscal year 2008-2009.

Waste Report

This year's Waste Survey was included in the Commission's emailing of the 2007-2008 export applications. The survey was also made available to those generators using the Commission's web site.

Fifteen (15) shippers responded to the survey. Respondents included 3 medical facilities, 4 higher education facilities, 4 utilities, 1 industrial facility and 3 research/other facilities.

The two commercial disposal facilities available to accept Class A, B, and C low-level radioactive waste were the Barnwell, South Carolina, disposal facility and Energy *Solutions* in Clive, Utah.

When asked how long they could store waste if they were unable to ship for disposal the respondents' replies ranged from 90 days to indefinitely, however, they hoped that this would not be required.

Annual costs for low-level radioactive waste management that includes minimization technology and on-site storage were reported as low as \$150 per year to as high as \$1,800,000 per year.

One utility indicated recent capital costs incurred for the management of LLRW and additional storage space is planned.

One industrial facility indicated that modifications to operations have been made, stating that projects have been refused due to LLRW disposal issues.

A sample of concerns expressed by the Region's generators are as follows:

- Availability – Class B & C waste disposal options
- Any restriction and limitation that would require storage, additional costs, and the promotion of

dilute and disperse over concentration and contain; the latter is a more suitable method of disposal. The former falls short of an ideal waste disposal option

- Lack of disposal capacity for C-14 activities (especially for Class C and greater than Class C wastes
- Access to disposal sites at a reasonable cost

Disposal Information

The Manifest Information Management System (MIMS) is a database, developed in 1986 by DOE to be used to monitor the management of commercial low-level radioactive waste. (<http://mims.apps.em.doe.gov>)

The Commission approved 39 export applications for this reporting period: 6 from Arkansas, 17 from Kansas, 12 from Louisiana, and 4 from Oklahoma

The generators used both the Barnwell, S.C. facility and the *EnergySolutions* facility in Clive, Utah during this reporting period.

Waste Classification and Generator Class

Disposal Site	Year Received	Generator Class	Total Volume (ft3)	Total Activity (curies)	Class A Volume (ft3)	Class A Activity (curies)	Class B Volume (ft3)	Class B Activity (curies)	Class C Volume (ft3)	Class C Activity (curies)	Brokered Volume (ft3)
Barnwell	2007	Industry	17.74	42.03	0.00	0.00	0.00	0.00	17.74	42.03	0.00
Barnwell	2007	Utility	681.69	840.24	216.90	51.51	182.08	415.05	282.71	373.69	0.00
Barnwell	2008	Academic	1.27	1.26	0.00	0.00	0.00	0.00	1.27	1.26	0.00
Barnwell	2008	Government	1.50	0.85	0.00	0.00	0.00	0.00	1.50	0.85	0.00
Barnwell	2008	Industry	92.98	208.77	0.00	0.00	19.10	6.01	73.88	202.76	0.00
Barnwell	2008	Medical	1.00	0.85	0.00	0.00	0.00	0.00	1.00	0.85	0.00
Barnwell	2008	Utility	122.65	688.14	0.79	0.18	0.26	1.95	121.60	686.01	0.00
Clive	2007	Academic	35,640.00	0.15	35,640.00	0.15					0.00
Clive	2007	Industry	14,956.10	17.79	14,956.10	17.79					0.00
Clive	2007	Undefined	266.30	39.76	266.30	39.76					0.00
Clive	2008	Government	4,110.00	0.01	4,110.00	0.01					0.00
Clive	2008	Industry	15,530.34	13.94	15,530.34	13.94					0.00
Clive	2008	Undefined	134.53	20.40	134.53	20.40					0.00
Total:			71,556.10	1,874.21	70,854.96	143.75	201.44	423.01	499.70	1,307.45	0.00

Summary of Litigation

During the Commission's existence, it has been in litigation many times, and has been successful in defending its legal position. Most recent and current litigation is summarized below. Visit our web site (www.cillrwcc.org) for details of past litigation.

ENTERGY ARKANSAS, INC., ET AL. V. NEBRASKA
United States District Court for the District of Nebraska
(Case No. 4:98-cv-3411)

In December, 1998, several of the region's major generators filed a lawsuit in federal court which alleged that the State of Nebraska had processed and ultimately denied US Ecology's license application in bad faith, and that such actions violated the Compact. The Commission was originally named a defendant in the suit. At its January, 1999, meeting, the Commission authorized its outside counsel to ask the court to realign it as a plaintiff in the lawsuit and to join in the claims originally made by the major generators as well as elaborate on claims of the CIC based squarely on specific Compact obligations. The court granted that motion.

Over the next several years, the parties engaged in a lengthy and complicated discovery process. Nebraska also took two appeals to the Eighth Circuit of Appeals. The first such appeal challenged the district court's entry of a preliminary injunction which stayed state administrative proceedings relating to the license application denial, and prohibited Nebraska from charging the Commission any additional money for licensing work or litigation. The second appeal challenged the district court's decision to deny the State's motion to dismiss the Commission's claims. Both appeals were rejected by the Eighth Circuit.

The case was tried to the court without a jury, over Nebraska's protest. Commencing on June 3, 2002, and concluding on July 30, 2002, the parties presented extensive evidence to Judge Kopf. Approximately 30 witnesses testified and about 2,000 exhibits (totaling nearly 100,000 pages in length) were received in evidence. On September 30, 2002, following briefing and oral argument, Judge Kopf entered judgment in favor of the Commission. The court's decision awarded total damages to the Commission in the amount of \$151,408,240.37, plus post-judgment interest at 1.68% until paid. The major generators' claims against the Commission, which sought to impose some form of trust on the Commission's receipt of the judgment funds, were rejected by the court.

Nebraska appealed the monetary judgment to the Eighth Circuit Court of Appeals. Oral argument was held before a panel of the Eighth Circuit on June 12, 2003. On February 18, 2004, the Eighth Circuit Court of Appeals affirmed the district court's decision. Thereafter, Nebraska sought rehearing by the entire Eighth Circuit, which request was denied on a vote of 6-3. Nebraska then filed a petition for certiorari requesting the United States Supreme Court to review the Eighth Circuit's decision.

While the State's certiorari petition was pending, Nebraska and the CIC entered settlement negotiations. Following those lengthy negotiations, the State of Nebraska and the Commission entered into a settlement which resolved all of the various disputes remaining between them. The terms of the settlement are discussed in more detail later.

NEBRASKA V. CENTRAL INTERSTATE LOW-LEVEL RADIOACTIVE WASTE COMMISSION
United States District Court for the District of Nebraska
(Case No. 4:03-cv-3308)

On August 30, 1999, the State of Nebraska, through its Governor, notified the Commission that it was formally withdrawing from the Compact. Under the terms of Compact Article VII(d), that withdrawal was to take effect five years thereafter, or on August 30, 2004. Shortly after receiving Nebraska's withdrawal notice, the Commission instituted proceedings pursuant to its Rule 23 which provides an administrative process to determine remaining obligations of party states which seek to withdraw from the Compact. The Commission's Rule 23 proceedings were effectively put on hold pending the outcome of the federal lawsuit alleging that Nebraska had processed and denied the license application in bad faith. Following the court's decision in that litigation, the Commission revived its Rule 23 administrative proceeding. On June 25, 2003, following a hearing before the Commission, the Commission adopted two resolutions revoking the State of Nebraska's membership in the Compact and imposing sanctions. On August 22, 2003, Nebraska filed a lawsuit in the United States District Court alleging that the Commission's actions in revoking Nebraska's membership in the Compact were invalid for several reasons.

Over the next nine months, the parties conducted discovery relating to the legal issues raised by litigation. This lawsuit was ultimately resolved by the global settlement entered into by the Commission and the State of Nebraska, which is discussed in more detail below.

CIC AND NEBRASKA SETTLE THEIR REMAINING DISPUTES

In the spring of 2004, Nebraska's Attorney General approached the Commission's legal counsel with a request that the parties attempt to settle the various legal disputes still remaining. The parties negotiated over the next several months. Effective August 1, 2004, Nebraska and the CIC entered into a comprehensive settlement agreement which is intended to resolve all disputes remaining between them.

The settlement agreement provides that Nebraska will pay to the Commission \$140,541,076.79 in four equal annual installments commencing on August 1, 2005. The unpaid balance bears interest at the rate of 3.75% starting August 1, 2004. There is no prepayment penalty, so Nebraska may pay the principal amount early and save some interest expense. Nebraska and CIC have made a joint offer to Texas for access to the disposal facility proposed for the Texas Compact; if Nebraska and CIC strike a deal with Texas within certain agreed parameters, the principal amount of the settlement is reduced to \$130 million.

The settlement agreement further provides that Nebraska and CIC agree to cooperate for a period of at least nine months in an effort to find a disposal capacity for waste generated within the CIC region and Nebraska. Nebraska has agreed to dismiss all remaining litigation, including withdrawing its cert petition in the "bad faith" litigation. Upon Nebraska making all payments required by the agreement, CIC agrees to release Nebraska from all obligations under the Compact, including the obligation to be the region's first host state. If Nebraska's Legislature fails to appropriate the money for the agreed payments or if for any other reason Nebraska does not make the payments on time, then the Commission would have various available collection remedies as stated in the agreement, and Nebraska would again be subject to its host state obligation.

**ENERGY ARKANSAS, INC., ET AL. V. CENTRAL INTERSTATE
LOW-LEVEL RADIOACTIVE WASTE COMMISSION
United States District Court for the District of Nebraska
(Case No. 4:06-cv-3101)**

On April 25, 2006, the major generators sued the Commission, contending that they were entitled to the \$5 million the Commission had retained from the settlement proceeds for its own use. The Commission filed an answer denying the generators' allegations. The parties mediated the dispute, but the mediation was not successful.

On November 29, 2006, the major generators and the Commission filed cross motions for summary judgment. The parties submitted documentary evidence and briefs supporting their positions.

On January 11, 2007, the district court issued a memorandum and order granting the Commission's motion for summary judgment and dismissing the major generators' suit. Judge Kopf ruled that the major generators were not entitled to the imposition of either a constructive or resulting trust on the \$5 million retained by the Commission from the settlement proceeds. Judge Kopf rejected the major generators' contentions that the Commission had behaved inequitably toward the major generators, and that the Commission had no real need to retain substantial funds from its settlement with Nebraska. The major generators chose not to appeal the decision, and it is final.

Export Applications for FY08-09 can be accessed through the
Commission's Web Page @ www.cillrwcc.org

Information and Education

The Commission maintains a mailing list of individuals and organizations interested in Commission activities. Commission meetings are open to the public and meeting announcements and materials are on the Commission's web page and distributed to interested persons and groups through email. The Commission's office responds to various requests for information.

Items contained on the Commission's web page are news articles, Annual Reports, minutes of Commission meetings, notices of meetings, legal summaries and other appropriate information. The web site may be accessed at <http://www.cillrwcc.org>.

STATUS OF COMMISSION FUNDS
as of June 30, 2008

Rebate Funds

\$829,461 Principal

Rebate funds can only be spent to:

1. establish low-level radioactive waste disposal facilities;
2. mitigate the impact of low-level radioactive waste disposal facilities on host state;
3. regulate low-level radioactive waste disposal facilities; or
4. ensure the decommissioning, closure, and care during the period of institutional control of low-level radioactive waste disposal facilities.

Settlement Funds

\$5,000,000.00

Effective August 1, 2004, Nebraska and the CIC entered into a comprehensive settlement agreement. Nebraska paid the Commission \$145,811,366.17 on August 1, 2005. All but \$5,000,000 was paid on claims the Commission received from major generators, member states and the developer.

Commission Cash Expenitures for Fiscal Year 2007-2008 and Budget for Fiscal Year 2008-2009

Expense	FY05-06	FY06-07	FY07-08 Budget	FY07-08 Actual	FY08-09
Salaries & Benefits	74,159	74,661	83,406	75,711	76,469
Rent	18,550	15,192	11,000	9,543	4,500
Telephone	3,791	3,406	4,000	3,027	3,000
Postage	83	296	750	366	500
Copy & Printing	0	77	750	103	500
Machine Lease & Maintenance	1,647	993	1,500	780	1,000
Meeting Transcriptions	2,585	578	1,500	273	1,500
Dues & Subscriptions	8,762	8,915	10,000	9,900	10,100
Office Equipment & Supplies	2,020	2,373	5,000	1,683	4,000
Travel & Meeting Expense	11,997	7,323	10,000	2,855	10,000
Insurance	3,945	3,291	4,000	3,315	4,000
Accounting	22,000	16,500	19,100	17,800	19,600
Legal Fees	54,498	79,998	8,000	8,918	8,000
Miscellaneous	0	34	500	153	500
Cash Reserve / Recover Shortfall	0	0	0	0	0
Butte Site/USE/Exec Consult(05-06)	20,739	0	0	0	0
Total	224,776	213,637	159,506	137,427	143,669



**CENTRAL INTERSTATE LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**

Financial Statements

June 30, 2008 and 2007

(With Independent Auditors' Reports Thereon)



KPMG LLP

Suite 1501
Two Central Park Plaza
Omaha, NE 68102

Suite 1600
233 South 13th Street
Lincoln, NE 68508-2041

Independent Auditors' Report

The Commissioners
Central Interstate Low-Level
Radioactive Waste Commission:

We have audited the accompanying statements of net assets of the Central Interstate Low-Level Radioactive Waste Commission (the Commission) as of June 30, 2008 and 2007, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Interstate Low-Level Radioactive Waste Commission as of June 30, 2008 and 2007, and changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 8, 2008 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The Commission has not presented Management's Discussion and Analysis that U.S. generally accepted accounting principles has determined is necessary to supplement, although not required to be part of, the basic financial statements.

KPMG LLP

Omaha, Nebraska
September 8, 2008

**CENTRAL INTERSTATE LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**

Statements of Net Assets

June 30, 2008 and 2007

Assets	2008	2007
Current assets:		
Cash and cash equivalents	\$ 6,297,826	6,164,776
Restricted assets:		
Rebate fund	1,087,022	1,041,223
Capital assets	41,921	82,036
Less accumulated depreciation	<u>39,497</u>	<u>80,380</u>
Total capital assets, net	<u>2,424</u>	<u>1,656</u>
Total assets	<u><u>\$ 7,387,272</u></u>	<u><u>7,207,655</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 7,861	9,404
Accrued expenses	<u>15,173</u>	<u>13,637</u>
Total liabilities	<u>23,034</u>	<u>23,041</u>
Net assets:		
Invested in capital assets	2,424	1,656
Restricted	1,087,022	1,041,223
Unrestricted	<u>6,274,792</u>	<u>6,141,735</u>
Total net assets	<u>7,364,238</u>	<u>7,184,614</u>
Total liabilities and net assets	<u><u>\$ 7,387,272</u></u>	<u><u>7,207,655</u></u>

See accompanying notes to financial statements.

**CENTRAL INTERSTATE LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended June 30, 2008 and 2007

	2008	2007
Operating revenues:		
Commission member fees	\$ 20,000	20,000
Export application fees	27,200	21,975
Gain on disposal of asset	6,500	—
Other	2,457	—
	<u>56,157</u>	<u>41,975</u>
Total operating revenues		
Operating expenses:		
Salaries and benefits	75,661	74,661
Professional services	26,991	97,076
Office and administrative	19,327	18,697
Rent	9,543	15,191
Travel	2,855	7,323
Depreciation	1,409	1,133
	<u>135,786</u>	<u>214,081</u>
Total operating expenses		
Total operating loss	<u>(79,629)</u>	<u>(172,106)</u>
Nonoperating revenues:		
Interest income	259,253	325,549
	<u>179,624</u>	<u>153,443</u>
Change in net assets		
Net assets:		
Beginning of the year	7,184,614	7,031,171
End of the year	<u>\$ 7,364,238</u>	<u>7,184,614</u>

See accompanying notes to financial statements.

**CENTRAL INTERSTATE LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**

Statements of Cash Flows

Years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Receipts from customers	\$ 47,200	41,975
Payments to employees	(75,661)	(74,661)
Payments for professional services	(26,991)	(97,076)
Other receipts	2,457	—
Other payments	(31,732)	(41,150)
Net cash used in operating activities	<u>(84,727)</u>	<u>(170,912)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(2,177)	(497)
Proceeds from sale of capital assets	6,500	—
Net cash provided by (used in) capital and related financing activities	<u>4,323</u>	<u>(497)</u>
Cash flows from investing activities:		
Interest received	259,253	325,549
Net purchases of investments	(45,799)	(45,968)
Net cash provided by investing activities	<u>213,454</u>	<u>279,581</u>
Net increase in cash and cash equivalents	133,050	108,172
Cash and cash equivalents at beginning of year	<u>6,164,776</u>	<u>6,056,604</u>
Cash and cash equivalents at end of year	<u>\$ 6,297,826</u>	<u>6,164,776</u>
Reconciliation of operating income to net cash used in operating activities:		
Total operating loss	\$ (79,629)	(172,106)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,409	1,133
Gain on disposal of assets	(6,500)	—
Changes in assets and liabilities:		
Accounts payable	(1,543)	784
Accrued expenses	1,536	(723)
Net cash used in operating activities	<u>\$ (84,727)</u>	<u>(170,912)</u>

See accompanying notes to financial statements.

**CENTRAL INTERSTATE LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**

Notes to Financial Statements

June 30, 2008 and 2007

(1) Organization

The Central Interstate Low-Level Radioactive Waste Commission (the Commission) was established in 1984 by an interstate compact among the states of Arkansas, Kansas, Louisiana, Nebraska, and Oklahoma with the consent of Congress through the Omnibus Low-Level Radioactive Waste Interstate Compact Consent Act. The purpose of the Commission is to carry out the mandate of the Central Interstate Low-Level Radioactive Waste Compact (the Compact) by providing for and encouraging the safe and economical management of low-level radioactive waste within the Compact's region.

The Commission is an instrumentality of the Compact's member states and, as such, is exempt from federal and state income taxes under Section 115 of the Internal Revenue Code.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements are prepared on the accrual basis and reflect assets and liabilities owned by the Commission and the results of the Commission's operations.

The Commission applies all applicable Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins, except for those that conflict with or contradict Government Accounting Standards Board (GASB) pronouncements.

(b) Revenue Recognition

Funding from Major Generators

The major generators previously provided funding for the siting, licensing, development, and construction of the facility. Revenues are recognized as earned, and expenses are recognized as incurred. The Commission did not receive funding from the major generators for the years ended June 30, 2008 and 2007.

Commission Member Fees

Commission members pay a \$5,000 annual membership fee.

Export Application Fees

Fees for approval to export waste are recorded as revenue when earned. This fee is used to cover the Commission's operating expenses.

(c) Property and Equipment

Property and equipment consist of furniture, fixtures, and equipment recorded at cost. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets of three to five years.

**CENTRAL INTERSTATE LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**

Notes to Financial Statements

June 30, 2008 and 2007

(d) Restricted Assets

Use of the rebate fund is restricted to payment of certain costs incurred in the establishment of a low-level waste facility or mitigate the impact of low-level radioactive waste disposal facilities on the host state.

The composition of restricted assets in the rebate fund at June 30, 2008 and 2007 is set forth in the following table. Investments are stated at fair value.

	2008	2007
Certificates of deposit	\$ 600,000	600,000
Federal investment trust accounts	487,022	441,223
Total restricted assets in the rebate fund	\$ 1,087,022	1,041,223

(e) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Commission considers investments with a maturity of three months or less when purchased to be cash equivalents. At June 30, 2008 and 2007, the Commission had \$6,297,826 and \$6,164,776, respectively, invested in cash and short-term federal investment trust accounts backed by the full faith of the federal government.

(f) Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from the estimates and assumptions used in preparing the financial statements.

(3) Investments

The Commission maintains investments in federal investment trust accounts totaling \$6,772,701 and \$6,580,762 at June 30, 2008 and 2007, respectively.

(a) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The federal investment trust accounts are redeemable upon demand and therefore, are not susceptible to interest rate risk. The certificates of deposit mature in less than two years.

(b) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires that

**CENTRAL INTERSTATE LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**

Notes to Financial Statements

June 30, 2008 and 2007

disclosure be made as to the credit rating of all fixed income securities except obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. The Commission has no investment policy that would further limit its investment choices. All of the Commission's investments as of June 30, 2008 and 2007, are obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government.

(c) Concentration of Credit Risk

The Commission places no limit on the amount that may be invested in any one issuer.

(d) Custodial Credit Risk

The Commission's investments are exposed to custodial credit risk if the securities are uninsured, not registered in the name of the Commission and are held by either: the counterparty, the counterparty's trust department, or agent not in the Commission's name. The custodial credit risk is that, in the event of the failure of the counterparty to a transaction, the Commission will not be able to recover the sale of the investment or collateral securities that are in the possession of the counterparty. As of June 30, 2008 and 2007, the Commission's investments are uninsured, and held by the counterparty in the Commission's name.

(4) Capital Assets

Capital asset activity for the years ended June 30, 2008 and 2007, is shown below:

		2008		
	Balance at beginning of period	Increases	Decreases	Balance at end of period
Equipment	\$ 41,223	2,177	1,479	41,921
Furniture and fixtures	40,813	—	40,813	—
Accumulated depreciation	(80,380)	(1,409)	(42,292)	(39,497)
	\$ 1,656	768	—	2,424
		2007		
	Balance at beginning of period	Increases	Decreases	Balance at end of period
Equipment	\$ 40,726	497	—	41,223
Furniture and fixtures	40,813	—	—	40,813
Accumulated depreciation	(79,247)	(1,133)	—	(80,380)
	\$ 2,292	(636)	—	1,656

**CENTRAL INTERSTATE LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**

Notes to Financial Statements

June 30, 2008 and 2007

(5) Legal Proceedings

In December 1998, the State of Nebraska denied U.S. Ecology's license to build and operate the facility. In June 1999, Nebraska passed a law that would withdraw Nebraska from the Commission effective in August 1999. Nebraska would remain a member for up to five years after its notice to withdraw was submitted to the Commission. The Commission joined in a lawsuit with the major generators and U.S. Ecology against the State of Nebraska for licensing of the site or damages, or both, for a bad-faith denial by Nebraska. The case was tried commencing June 3, 2002 and ended July 31, 2002.

On August 17, 2004, the State of Nebraska and the Commission reached a settlement to resolve this lawsuit effective August 1, 2004. Under the terms of the agreement, the State of Nebraska agreed to fully pay the settlement, plus interest in the amount of \$140,541,077. Since the settlement resolved the existing contingencies regarding the Commission's receipt of these amounts, the Commission recorded a receivable from the State of Nebraska and recognized nonoperating income in the amount of \$130,000,000 as of June 30, 2004. The difference of \$10,541,077 was related to a contingent discount available to the State of Nebraska on its final principal payment. The discount was contingent upon negotiating access to the waste disposal site in the State of Texas for waste generated by the members of the Compact and Nebraska.

On August 1, 2005, the State of Nebraska, pursuant to the settlement agreement, paid the Commission \$145,811,367. As a result, the Commission recorded an additional receivable from the State of Nebraska and recognized nonoperating income at June 30, 2005 for \$15,334,324 for the interest earned on the settlement through June 30, 2005 and for resolving the contingent discount as the State of Nebraska and the Commission failed to negotiate access to the waste disposal site in the State of Texas in the allowable timeframe as defined in the settlement agreement. Interest on the settlement agreement from July 1, 2005 through August 1, 2005 is \$439,191 and was recognized as interest income in 2006. On August 1, 2005, the Commission filed a Satisfaction of Judgment with the federal courts, and therefore, terminating all litigation between the State of Nebraska and the Commission.

The Major Generators took the position that the Commission was legally obligated to reimburse them from the settlement proceeds the portion of the settlement attributable to the money paid to the Commission for the Nebraska project, plus interest. In addition, the Commission determined that certain other parties involved with the Compact were obligated to receive a portion of the settlement proceeds. Therefore, the Commission resolved that \$130,773,514 of the settlement proceeds received on August 1, 2005 would be distributed to the Major Generators, the States of Arkansas, Kansas, Louisiana, and Oklahoma for community improvement funds, and the U.S. Ecology. As a result, the Commission recorded a litigation settlement liability and recognized a nonoperating loss at June 30, 2005 of \$130,773,514. The Commission resolved to retain the remaining \$15,000,000 of the settlement proceeds with no final decision regarding retention of the money or if the Commission had a legal obligation to distribute it. Since the future obligation of the \$15,000,000 was not known, a corresponding liability was not recorded at June 30, 2005.

**CENTRAL INTERSTATE LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**

Notes to Financial Statements

June 30, 2008 and 2007

During 2006, the Commission agreed to distribute \$10,000,000 of the remaining \$15,000,000 of the settlement proceeds to claims made against it by the major generators. As a result, the Commission recorded a nonoperating loss at June 30, 2006 of \$10,000,000. The Commission resolved during 2006 to retain the remaining \$5,000,000 of the settlement proceeds. However, on April 25, 2006, the major generators filed a lawsuit against the Commission to force the Commission to distribute the remaining \$5,000,000 of settlement proceeds. On January 11, 2007, the lawsuit was dismissed pursuant to the Commission's motion for summary judgment. The major generators have not appealed.

(6) Commitments

The Commission leases office space under an operating lease. Future minimum lease payments under this lease with an initial term in excess of one year are as follows:

Fiscal years ending:		
2009	\$	126

Total rent expense charged to operations was \$9,543 and \$15,191 for the years ended June 30, 2008 and 2007, respectively.



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**Independent Auditors' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Commissioners
Central Interstate Low-Level
Radioactive Waste Commission:

We have audited the financial statements of Central Interstate Low-Level Radioactive Waste Commission (the Commission) as of and for the years ended June 30, 2008 and 2007, and have issued our report thereon dated September 8, 2008. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audits, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Commissioners and the Commission management, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Omaha, Nebraska
September 8, 2008