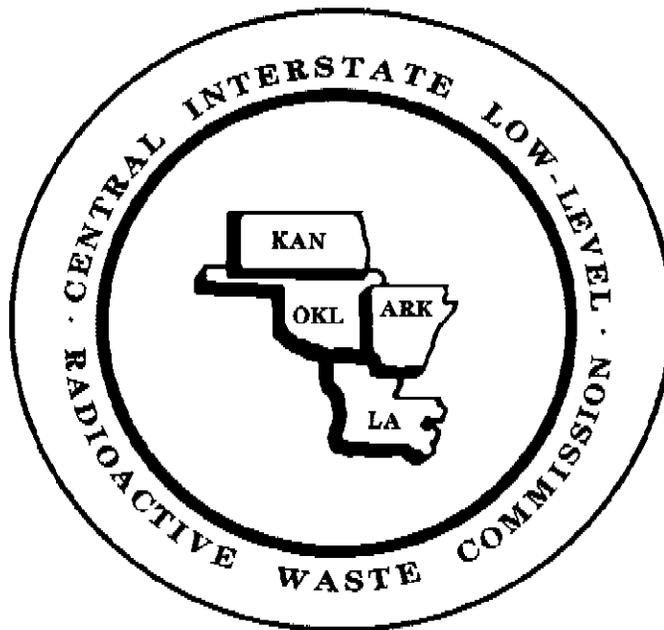


Central Interstate Low-Level Radioactive Waste Commission



**Annual Report
2012-2013**

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
PO Box 4770, Lincoln NE 68504
phone 402.476.8247 fax 402.476.8205
web: www.cillrwcc.org

Commissioners

Arkansas

George Overbey
Arkansas House of Representatives
Retired

Alternate

James Bacquet
Radiation Protection
Supervisor
Arkansas Nuclear One

Kansas

Shari Albrecht
Associate Chief Counsel,
Environment
Kansas Dept of Health &
Environment

Alternate

John W Mitchell
Director of Environment
Kansas Depart Health &
Environment

Louisiana

Richard 'Scott' Blackwell
Assessment Division
Radiation Section
Depart of Environmental Quality

Oklahoma

Jon Roberts
Land Protection Division
Depart of Environmental Quality

Nebraska's membership
ended July 17,2004

Commission Staff

Administrator: Rita Houskie

Commission Consultant

Financial: Richard Kuzelka

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 submits its responses to the fourth and final round of the state's technical comments. US Ecology also submits its eighth revision to the Safety Analysis Report (SAR). Nebraska estimates 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 denies US Ecology's license application. Three major generators file a lawsuit against Nebraska, its agents and the Commission, claiming injury due to the 'bad faith' review by the state's regulators.

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

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

2002 – The June trial continued for approximately eight weeks. The Court issues its September decision in favor of the Commission. The award was approximately \$151 million plus interest. Nebraska appeals 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, the monitoring of generators' needs, and the disposition of the land in Boyd County.

2006— The contracted Executive Consultant reports 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 recommends 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 decides in the Commission's favor over the retention of the \$5 million.

2008— Commission relocates its office. Barnwell, S.C. disposal facility closed to the nation.

2009— Commission's Rules and By-Laws are reviewed and updated to eliminate obsolete provisions and to allow for flexibility in operations.

2010— Investment Policy Statement adopted by Commission. Commission began to look at its income stream for future administrative funding.

2011— Commission appoints Administrative Funding Committee to review income and expenses.

2013— Commissioners look at 12 Options regarding the future of the Commission and its funding.

Significant Events

Commission Meetings

- June 12, 2013, Annual Meeting

The Annual Meeting of the Central Interstate LLRW Commission was held in Little Rock, Arkansas. The Commissioners came together to take action on routine administrative business, to amend By-Law Article IV (F), the future administrative funding, and to discuss the future of the Commission.

The representative from Entergy updated the Commission on the activities in the Texas Compact. The disposal facility, operated by Waste Control Specialists, opened in April 2012 and is now in its second year of operation. He shared that the Texas Legislature meets every two years and was in session from January through June of this year. They attempted, for several months, to pass a low-level radioactive waste bill that would change importation requirements. They were unsuccessful, however, through the addition of a rider to an existing bill they were able to increase the curie activity allowed from 120,000 curies to 275,000 curies. His impression was that the current space allowed for imported waste might be exhausted after a five year period under the current limits in the existing bill.

The member states were given an opportunity to share any activities going on within their respect states. The Oklahoma Commissioner reported on a tracking system that was developed through the use of GIS coordinates for all licenses in Oklahoma. He reported that with the number of tornadoes Oklahoma has, the ability to know the location of the radioactive materials and the track of the tornadoes they are able to monitor potential damages to sources and make sure appropriate

actions are taken. The Kansas Commissioner shared that Kansas is doing some pilot studies relating to a NORM project where there is concern of radioactivity over allowing land spreading of oil and gas waste from fracking activities.

The Commission adopted the proposed amendment to the Commission's By-Laws, Article IV (F), *Officers of the Commission*. The current language could have been construed to preclude a chair from serving multiple terms. The added language clarified and also provided a line of succession should the serving chair retire or be suddenly removed.

At the Annual Meeting, held in June 2010, it was brought to the Commission's attention that the operating funds were dwindling and there was a need to review the income stream to ensure future administrative operations. Subsequently, the Administrative Funding Committee was appointed and they came up with nine Options to increase funds and cut expenses. The Chair reported that he had sent out an email prior to the meeting with additional Options for the purpose of discussion on the future of the Commission and its funding. The Chair stated that he felt it was important for the Commissioners to begin to identify where they want the Commission to go, what its function should be, and how it would be funded.

Option 12 related to dissolving the Compact and the possibility of joining the Texas Compact or to scale back operations and continue to be a legal entity, but essentially conduct no business. It was suggested that a survey of the generators might be in order to find out if their disposal needs are being met at this time. Legal Counsel offered that the Compact has specific language that requires the Commission to take action on certain things and he also gave the history of the Commission's exploration into contractual agreements with other compacts to secure long-term disposal for the regions generators. There was more discussion on the language and intent of the Compact regarding

'termination of the Compact' and 'management of waste.' It was agreed that more thought and research would be required on this option.

Option 11 was about the continuation of membership to the Low-Level Waste Forum group. The dues were scheduled to increase in January 2014. The Oklahoma and Kansas commissioners felt it was of benefit to continue the membership due to the information sharing provided by the Forum and since the Commission was considering downsizing its operations it would be of particular value to know what is happening in other compacts and nationally. No final decision was made to discontinue membership.

Option 10 related to the elimination of export fees or an amendment to the Commission's Rule 1 that governs the exportation process. A discussion was held comparing Rule 1 and Rule 10, both of which pertain to fees, and the Arkansas Alternate's concern that he raised at the 2012 Annual Meeting, over the possible contradiction of the Rules and the Compact as a result of the 2005 no-siting Resolution. The Commissioners agreed to continue to use the export application fee (Rule 1) for the administrative costs of processing the applications.

Option 9 provided for the continuation of the Administrative Funding Committee. The Chair believed there would still be work for the Committee while the path forward was being determined. The Arkansas Alternate was appointed to the Committee.

Option 8 was the retiring of the Administrator and the relocation of the office to one of the member states. The discussion was centered around the possibility of having the Commission headquartered within one of the state agencies rather than a stand-alone office. The Chair asked the Commissioners to inquire and to report back if their respective agency would entertain the concept.

Option 7 related to the reduction of hours and salary for the Administrator. The Chair indicated that he would not be in favor of this due to the amount of work that will be required during the transition. Louisiana thought this a moot point until some of the other decisions were made.

Option 6 took care of itself. The Administrator's wages had been frozen and the buy back of her unused vacation time had ended. The Administrator also had voluntarily increased her health insurance deductible to help lower administrative cost.

Option 5 was to search for a new auditing firm for fiscal year 2013-2014. The Commission took action on this option at the 2012 Annual Meeting and a Request for Proposal had been drafted and sent out to the Commissioners for review and comment previous to this meeting. The Chair had asked the member states to check with their agencies for preferred vendors. The vendors lists provided by Oklahoma and Kansas will be used.

Option 3 & 4 were associated with the export fee schedule and the categories used in that schedule to determine the appropriate fee a generator would submit with their application to export. The Commissioners agreed that no changes would be made at this time.

Option 2 related to the increase to state member dues. The Commissioners stated that their respective states would not endorse an increase.

Option 1 related to the use of the settlement fund's interest to supplement the funds used for the Commission's activities. Counsel pointed out that even though the Courts ruled in the Commission's favor, over the retention of the \$5 million, it was still unknown from what position the major generators' viewed this issue. The ensuing discussion included the idea of surveying the generators to find out if their needs are being met and the benefits of keeping the Compact alive. It was suggested that communication with the major

generators, concerning the interest, be made before the Commission made its decision.

The Commission adopted the minutes from the June 2012, Annual Meeting. Actions previously taken throughout the year on export applications were ratified, and the Financial Consultant's contract for fiscal year 2013-2014 was approved. The Commission also received the KPMG Audit for fiscal year 2011-2012 as written. The Kansas Commissioner did ask a question regarding the statement of the missing Management's Discussion and Analysis in the audit. Counsel responded that communications with KPMG indicated that it was a voluntary statement and due to the type of business the Commission is involved in they felt it was not necessary.

The Oklahoma Commissioner was elected to serve as Chair for fiscal year 2013-2014 and the Commission adopted an annual budget for fiscal year 2013-2014 with a 1.9% decrease from the current year's budget. No changes were made to the export application fee schedule for the coming year.

Actions Taken by Electronic Vote

Amendments to the Rules and By-Laws, that govern the Commission's operations, were adopted at the June 2009, Annual Meeting. Rule 1.4 and By-Law Article IV(D) allow for the approval of export applications by electronic methods to accelerate the review and approval process.

- July 2012—four major generator applications and ten non-federal applications were approved.
- August 2012—one major generator application, three non-federal applications, and one federal application was approved.

- September 2012—three non-federal applications were approved.
- October 2012—three non-federal applications, with Kansas abstaining on the KDHE application, were approved.
- November 2012—one non-federal application was approved.
- January 2013—one non-federal application was approved.
- February 2013—three non-federal applications were approved.
- May 2013—three non-federal applications were approved.

Waste Report

This year's Waste Survey was included in the Commission's emailing of the 2012-2013 export applications. The survey was also made available to those generators using the Commission's web site.

Twenty-six (26) shippers responded to the survey. Respondents included 5 medical facilities, 5 higher education facilities, 4 utilities, 6 industrial facility and 6 research/other facilities.

One commercial disposal facility was available to accept Class A low-level radioactive waste: Energy *Solutions* in Clive, Utah. The Barnwell, South Carolina, disposal facility that was licensed to receive Class B and C waste closed to the nation in June 2008. Importation rules are in development in the Texas Compact.

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 \$1,000 per year to as high as \$2,200,000 per year.

One utility indicated a slight modification had been made to their current storage facility to allow for more flexibility in storage options and one industrial facility indicated that they were evaluating alternative locations outside the Compact for removing Tritium Exit Signs from aircraft.

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 non-exempt Du counter weights
- Access to disposal sites at a reasonable cost
- Potential liability associated with storage
- Inability to dispose of LLRW in the Central Compact, and the unavailability of suitable recycling facilities for tritium in the U.S.
- Current status of the importation of waste along with unknown cost for disposal in the State of Texas

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 33 export applications for this reporting period: 6 from Arkansas, 12 from Kansas, 6 from Louisiana, and 9 from Oklahoma

The generators used Energy *Solutions* facility in Clive, Utah, during this reporting period., however, totals are not yet available for 2013 on the MIMS website.

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)
Clive	2012	Industry	19,991.57	3.47	19,991.57	3.47					0.00
Clive	2012	Undefined	739.53	94.70	739.53	94.70					0.00
Total:			20,731.10	98.17	20,731.10	98.17	0.00	0.00	0.00	0.00	0.00

Volume and Activity Summary by State

Year Received	State	Volume (ft3)	Activity (curies)
2012	Arkansas	2,559.74	90.08
2012	Kansas	3,141.29	2.01
2012	Louisiana	15,028.17	6.04
2012	Oklahoma	1.90	0.03
Total:		20,731.10	98.17

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 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.

**ENTERGY 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 FY13-14 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, 2013

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 2012-2013 and Budget for Fiscal Year 2013-2014

Expense	FY10-11	FY11-12	FY12-13 Budget	FY12-13 Actual	FY13-14
Salaries & Benefits	82,680	82,071	86,232	79,972	83,708
Rent	3,925	3912	4,200	3,912	4,200
Telephone	2,770	2843	3,000	2,827	3,000
Postage	348	277	400	423	400
Copy & Printing	11	26	400	0	400
Machine Lease & Maintenance	310	0	700	0	700
Meeting Transcriptions	514	787	1,500	1,257	1,500
Dues & Subscriptions	8,953	8816	9,200	8,500	9,500
Office Equipment & Supplies	1,286	906	4,000	1,054	4,000
Travel & Meeting Expense	9,095	1620	7,000	2,692	7,000
Insurance	3,344	3370	4,000	4,218	5,000
Accounting	14,500	14,500	20,000	17,000	20,000
Legal Fees	4,378	1,151	7,000	1,975	7,000
Miscellaneous	0	0	500	0	500
Cash Reserve / Recover Shortfall	0	0	0	0	0
Total	132,114	120,279	148,132	122,830	146,908



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

Financial Statements

June 30, 2013 and 2012

(With Independent Auditors' Reports Thereon)



KPMG LLP
Suite 300
1212 N. 96th Street
Omaha, NE 68114-2274

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

Independent Auditors' Report

The Commissioners
Central Interstate Low-Level
Radioactive Waste Commission:

Report on the Financial Statements

We have audited the accompanying statements of net position of the Central Interstate Low-Level Radioactive Waste Commission (the Commission) as of June 30, 2013 and 2012, and the related statements of changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements.

Managements' Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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, 2013 and 2012, and the changes in financial position and cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2013 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Other Matter

The Commission has omitted Management's Discussion and Analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this omitted information.

KPMG LLP

Omaha, Nebraska
September 13, 2013

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

Statements of Net Position

June 30, 2013 and 2012

Assets	2013	2012
Current assets:		
Cash and cash equivalents	\$ 6,113,785	6,120,212
Restricted assets:		
Rebate fund	1,009,560	1,075,137
Capital assets	41,977	41,977
Less accumulated depreciation	<u>41,977</u>	<u>41,469</u>
Total capital assets, net	<u>—</u>	<u>508</u>
Total assets	<u>\$ 7,123,345</u>	<u>7,195,857</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 3,743	1,772
Accrued expenses	<u>21,742</u>	<u>21,742</u>
Total liabilities	<u>25,485</u>	<u>23,514</u>
Net position:		
Net investment in capital assets	—	508
Restricted	1,009,560	1,075,137
Unrestricted	<u>6,088,300</u>	<u>6,096,698</u>
Total net position	<u>7,097,860</u>	<u>7,172,343</u>
Total liabilities and net position	<u>\$ 7,123,345</u>	<u>7,195,857</u>

See accompanying notes to financial statements.

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

Statement of Changes in Net Position

Years ended June 30, 2013 and 2012

	2013	2012
Operating revenues:		
Commission member fees	\$ 20,000	20,000
Export application fees	21,700	21,875
Other	525	600
Total operating revenues	42,225	42,475
Operating expenses:		
Salaries and benefits	77,310	82,070
Professional services	20,232	16,438
Office and administrative	18,249	16,238
Rent	3,912	3,912
Travel	2,692	1,620
Depreciation	508	782
Total operating expenses	122,903	121,060
Total operating loss	(80,678)	(78,585)
Nonoperating revenues:		
Interest income	6,195	9,333
Change in net position	(74,483)	(69,252)
Net position:		
Beginning of year	7,172,343	7,241,595
End of year	\$ 7,097,860	7,172,343

See accompanying notes to financial statements.

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

Statements of Cash Flows

Years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from customers	\$ 41,700	41,875
Payments to employees	(77,310)	(82,070)
Payments for professional services	(20,232)	(16,438)
Other receipts	525	600
Other payments	(22,882)	(24,828)
	(78,199)	(80,861)
Cash flows from investing activities:		
Interest received	6,195	9,333
Net sales (purchases) of investments	65,577	(6,586)
	71,772	2,747
Net decrease in cash and cash equivalents	(6,427)	(78,114)
Cash and cash equivalents at beginning of year	6,120,212	6,198,326
Cash and cash equivalents at end of year	\$ 6,113,785	6,120,212
Reconciliation of operating loss to net cash used in operating activities:		
Total operating loss	\$ (80,678)	(78,585)
Adjustments to reconcile total operating loss to net cash used in operating activities:		
Depreciation	508	782
Changes in assets and liabilities:		
Accounts payable	1,971	(3,485)
Accrued expenses	—	427
Net cash used in operating activities	\$ (78,199)	(80,861)

See accompanying notes to financial statements.

**CENTRAL INTERSTATE LOW LEVEL
RADIOACTIVE WASTE COMMISSION**

Notes to Financial Statements

June 30, 2013 and 2012

(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 State of Nebraska withdrew from the Compact effective August 28, 2004. The current member states of the Compact are Arkansas, Kansas, Louisiana and Oklahoma.

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.

(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, 2013 and 2012.

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.

(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 to mitigate the impact of low-level radioactive waste disposal facilities on the host state.

**CENTRAL INTERSTATE LOW LEVEL
RADIOACTIVE WASTE COMMISSION**

Notes to Financial Statements

June 30, 2013 and 2012

The composition of restricted assets in the rebate fund at June 30, 2013 and 2012 is set forth in the following table. Investments are stated at fair value.

	2013	2012
Certificates of deposit	\$ 600,000	600,000
Federal investment trust accounts	409,560	475,137
Total restricted assets in the rebate fund	\$ 1,009,560	1,075,137

(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, 2013 and 2012, the Commission had \$6,113,785 and \$6,120,212, respectively, invested in cash and short-term federal investment 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.

(g) Recent Accounting Pronouncements

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for presentation of certain deferred outflows of resources, deferred inflows of resources, and net position was effective and adopted by the Commission for the year ended June 30, 2013.

(3) Investments

The Commission maintains investments in federal investment accounts totaling \$6,507,583 and \$6,580,946 at June 30, 2013 and 2012, 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 adopted 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 terms of initial investments and reinvestments of funds shall not exceed sixty months. The federal investment accounts are redeemable upon demand and, therefore, are not susceptible to significant interest rate risk. The certificates of deposit mature in less than two years.

**CENTRAL INTERSTATE LOW LEVEL
RADIOACTIVE WASTE COMMISSION**

Notes to Financial Statements

June 30, 2013 and 2012

(b) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission adopted an investment policy that formally limits its investment choices. Investment of funds are limited to be invested in instruments that are either direct obligations of the Government of the United States or that are fully insured by the Government of the United States. All of the Commission's investments as of June 30, 2013 and 2012 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

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk. As of June 30, 2013 and 2012, all certificates of deposit were insured and all investments in federal investment Commission accounts were uninsured and uncollateralized.

(4) Capital Assets

Capital asset activity for the years ended June 30, 2013 and 2012 is shown below:

		2013			
		Balance at beginning of period	Increases	Decreases	Balance at end of period
Equipment	\$	41,977	—	—	41,977
Accumulated depreciation		(41,469)	(508)	—	(41,977)
	\$	508	(508)	—	—
		2012			
		Balance at beginning of period	Increases	Decreases	Balance at end of period
Equipment	\$	41,977	—	—	41,977
Accumulated depreciation		(40,687)	(782)	—	(41,469)
	\$	1,290	(782)	—	508

**CENTRAL INTERSTATE LOW LEVEL
RADIOACTIVE WASTE COMMISSION**

Notes to Financial Statements

June 30, 2013 and 2012

(5) 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 year ending:		
2014	\$	126

Total rent expense charged to operations was \$3,912 and \$3,912 for the years ended June 30, 2013 and 2012, respectively.

(6) Subsequent Events

The Commission has reviewed subsequent events through September 13, 2013, the date the financial statements were available to be issued, and concluded there were no events or transactions during the period that would require recognition or disclosure in the financial statements other than those already reflected.



KPMG LLP
Suite 300
1212 N. 96th Street
Omaha, NE 68114-2274

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

**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, in accordance with the 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, the financial statements of the of the Central Interstate Low-Level Radioactive Waste Commission (the Commission), which comprise the statement of net position as of June 30, 2013 and the related statements of changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 13, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from 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 audit, 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Omaha, Nebraska
September 13, 2013

