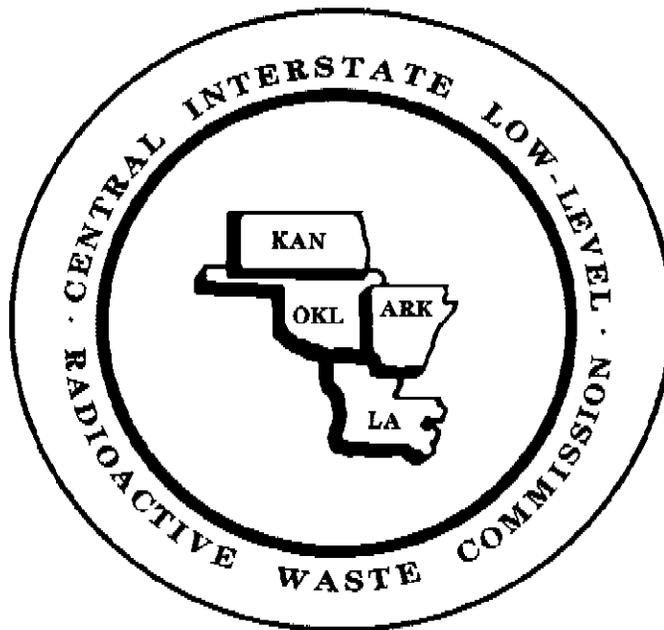


Central Interstate Low-Level Radioactive Waste Commission



**Annual Report
2009-2010**

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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Oklahoma

Catherine Sharp
Waste Management 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 closes 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— Invest Policy Statement adopted by Commission. Commission began to look at its income stream for future funding.

Significant Events

Commission Meetings

- July 21, 2009, Special Telephone Meeting

A special meeting via telephone was called to take action on an adjustment to the fiscal year 2008-2009 budget to accommodate a legal bill not yet paid.

Outside Legal Counsel had reported at the June 2009, Annual Meeting, the details of the litigation for which a request to join as Amicus in support of the Northwest and Rocky Mountain Compacts' appeal was now being made. Counsels from the Southeast and Rocky Mountain Compacts were available to offer more details of the case and responded to questions. The litigation is over Energy *Solutions'* desire to import waste from Italy and the Northwest Compact's exclusionary authority to regulate the waste being disposed of. The Commissioners instructed Counsel to continue with the Amicus Brief.

The Commission also approved one federal export application, ten non-federal applications, and five utility/major generator export applications.

- January 6, 2010, Special Telephone Meeting

The Commission ratified the previously approved export applications that were approved via electronic method in August and September of 2009. (See the Actions Taken by Electronic Vote section of this report.)

At the Annual Meeting in June, 2009, the Commission voted to authorize the Administrator to continue in discussions with the LLW Forum group regarding the hosting or co-sponsoring of a Forum meeting and to report back to the Commission.

The Administrator had been in contact with the Forum and indicated that the Southeast Compact was interested in sharing a meeting in the Spring of 2011, and that the cost to the Commission would be her time and approximately \$5,000. The Commission voted to co-sponsor the Spring 2011, Forum meeting.

The KPMG Audit of the Commission for fiscal year 2008-2009 was accepted and three non-federal export applications were approved.

- February 18, 2010, Special Telephone Meeting

The Special Teleconference was called for a special election. The Oklahoma Commissioner and Chair had given notice of her resignation and would not be able to finish out her term. The Commissioner from Louisiana was nominated and voted in to serve as Chair for the remainder of the fiscal year.

- June 22, 2010, Annual Meeting

The Annual Meeting of the Central Interstate LLRW Commission was held in Oklahoma City, Oklahoma. The Commissioners came together to take action on routine administrative business, and an investment policy.

At the January 2010, teleconference meeting, the Kansas Commission asked for more information regarding an amount listed in *Operating Revenues: Other* category in the KPMG audit of fiscal year 2008-2009. The Administrator reported that the amount listed was the result of a reimbursement to the Commission for a travel expenditure that fell outside the generally accepted definition of meeting expense and that the Commission had received payments from the District Court for the Ray Peery restitution.

Outside Legal Counsel updated the Commission on the Amicus Briefs filed in the Southeast Compact's litigation, and the Northwest Compact's

litigation. He reported that the Supreme Court had issued a decision, in part, on the Southeast Compact litigation in favor of North Carolina. Counsel also reported on the progress of the Texas Compact's rule making as it relates to importation of low-level radioactive waste into their region. The initial proposed rule had been withdrawn and was in the process of being reissued.

A draft Investment policy statement was presented to the Commission for consideration. The Administrator explained that the statement formalized the conservative investment position the Commission has always adhered to. The document simply stated that investment of funds shall be restricted to instruments that are either direct obligations of the Government of the United States or are fully insured by the Government of the United States. The statement was adopted by the Commission.

The Chairman, Mr. Meyers of Louisiana, brought to the Commission's attention that based on the proposed budget amount, anticipated income, and reserve funds currently available, the Commission had approximately four years of operating capital left. He suggested that a review of the income stream would be a good idea and to begin to develop options or proposals to offset the coming shortfall if the Commission is to be maintained. The Chair pointed out that the Commission is a legitimate entity mandated by Federal law and by the legislative acts by each of the member states. He went on to suggest that communication with the generators regarding the possible use of the accrued interest on the funds held from the settlement with Nebraska might be a timely consideration, and an increase to export application fees and state membership dues should also be looked at. The Commissioners agreed and a tentative timetable was established.

The Commission adopted the minutes from the June 2009, Annual Meeting, and the three Special Telephone meetings held in July 2009, and in January and February 2010. Actions previously

taken on three non-federal export applications were ratified, and the Financial Consultant's contract for fiscal year 2010-2011.

The Louisiana Commissioner was elected to serve as Chair for fiscal year 2010-2011. The Commission approved adjustments to fiscal year 2009-2010's budget to increase the legal fees line item. The total for 2009-2010's approved budget was not effected by the adjustments. The Commission adopted an annual budget for fiscal year 2010-2011 with a 7.2% increase 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 2009—one non-federal applications was approved with Kansas abstaining.
- September 2009—one non-federal application was approved.
- January 2010—one non-federal application was approved.
- April 2010—one non-federal application was approved.
- June 2010—one non-federal application was approved

Waste Report

This year's Waste Survey was included in the Commission's emailing of the 2009-2010 export applications. The survey was also made available to those generators using the Commission's web site.

Twenty (20) shippers responded to the survey. Respondents included 4 medical facilities, 5 higher education facilities, 4 utilities, 3 industrial facility and 4 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 closed to the nation in June 2008. Currently there is no disposal option for Class B or C waste.

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 \$2,000,000 per year.

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

One utility indicated a slight modification had been made to their current storage facility to allow for more flexibility in storage options.

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

- Availability—Class B & C waste disposal options—Barnwell closed.

- 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 21 export applications for this reporting period: 3 from Arkansas, 11 from Kansas, 6 from Louisiana, and 1 from Oklahoma

The generators used Energy *Solutions* 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)
Clive	2009	Industry	52,997.02	5.67	52,997.02	5.67					0.00
Clive	2009	Undefined	1,931.14	132.32	1,931.14	132.32					0.00
Clive	2010	Industry	17,768.01	3.13	17,768.01	3.13					0.00
Clive	2010	Undefined	811.57	40.94	811.57	40.94					0.00
Total:			73,507.74	182.06	73,507.74	182.06	0.00	0.00	0.00	0.00	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 FY10-11 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, 2010

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 2009-2010 and Budget for Fiscal Year 2010-2011

Expense	FY07-08	FY08-09	FY09-10 Budget	FY09-10 Actual	FY10-11
Salaries & Benefits	75,711	76,518	80,964	80,299	84,140
Rent	9,543	3,912	4,200	3,912	4,200
Telephone	3,027	2,751	3,000	2,774	3,000
Postage	366	248	500	395	500
Copy & Printing	103	0	500	16	500
Machine Lease & Maintenance	780	0	0	0	1,000
Meeting Transcriptions	273	1,073	1,500	562	1,500
Dues & Subscriptions	9,900	9,998	9,500	9,498	9,700
Office Equipment & Supplies	1,683	1,820	4,000	1,505	4,000
Travel & Meeting Expense	2,855	3,946	8,000	3,727	13,000
Insurance	3,315	3,243	4,000	3,342	4,000
Accounting	17,800	15,900	16,500	14,500	19,000
Legal Fees	8,918	11,405.28	11,500	11,195	10,000
Miscellaneous	153	21	500	0	500
Cash Reserve / Recover Shortfall	0	0	0	0	0
Total	137,427	130,835	144,664	131,725	155,040



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

Financial Statements

June 30, 2011 and 2010

(With Independent Auditors' Reports Thereon)



KPMG LLP
Suite 1501
222 South 15th Street
Omaha, NE 68102-1610

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, 2011 and 2010, 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, 2011 and 2010, and the 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 November 14, 2011 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 read in conjunction with this report 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
November 14, 2011

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

Statements of Net Assets

June 30, 2011 and 2010

Assets	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 6,198,326	6,204,986
Restricted assets:		
Rebate fund	1,068,551	1,134,498
Capital assets	41,977	40,972
Less accumulated depreciation	<u>40,687</u>	<u>39,879</u>
Total capital assets, net	<u>1,290</u>	<u>1,093</u>
Total assets	<u><u>\$ 7,268,167</u></u>	<u><u>7,340,577</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 5,257	10,033
Accrued expenses	<u>21,315</u>	<u>19,067</u>
Total liabilities	<u>26,572</u>	<u>29,100</u>
Net assets:		
Invested in capital assets	1,290	1,093
Restricted	1,068,551	1,134,498
Unrestricted	<u>6,171,754</u>	<u>6,175,886</u>
Total net assets	<u>7,241,595</u>	<u>7,311,477</u>
Total liabilities and net assets	<u><u>\$ 7,268,167</u></u>	<u><u>7,340,577</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, 2011 and 2010

	2011	2010
Operating revenues:		
Commission member fees	\$ 20,000	20,000
Export application fees	17,625	21,200
Other	3,963	441
Total operating revenues	41,588	41,641
Operating expenses:		
Salaries and benefits	82,680	80,299
Professional services	19,392	26,257
Office and administrative	17,022	17,530
Rent	3,925	3,912
Travel	9,095	3,727
Depreciation	808	529
Total operating expenses	132,922	132,254
Total operating loss	(91,334)	(90,613)
Nonoperating revenues:		
Interest income	21,452	27,929
Change in net assets	(69,882)	(62,684)
Net assets:		
Beginning of year	7,311,477	7,374,161
End of year	\$ 7,241,595	7,311,477

See accompanying notes to financial statements.

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

Statements of Cash Flows

Years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Receipts from customers	\$ 37,625	41,200
Payments to employees	(82,681)	(80,299)
Payments for professional services	(19,392)	(26,257)
Other receipts	3,963	441
Other payments	(32,569)	(27,670)
Net cash used in operating activities	<u>(93,054)</u>	<u>(92,585)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(1,005)	—
Net cash used in capital and related financing activities	<u>(1,005)</u>	<u>—</u>
Cash flows from investing activities:		
Interest received	21,452	27,929
Net sales (purchases) of investments	65,947	(15,443)
Net cash provided by investing activities	<u>87,399</u>	<u>12,486</u>
Net decrease in cash and cash equivalents	(6,660)	(80,099)
Cash and cash equivalents at beginning of year	<u>6,204,986</u>	<u>6,285,085</u>
Cash and cash equivalents at end of year	<u>\$ 6,198,326</u>	<u>6,204,986</u>
Reconciliation of operating income (loss) to net cash used in operating activities:		
Total operating loss	\$ (91,334)	(90,613)
Adjustments to reconcile total operating loss to net cash used in operating activities:		
Depreciation expense	808	529
Changes in assets and liabilities:		
Accounts payable	(4,776)	(3,578)
Accrued expenses	2,248	1,077
Net cash used in operating activities	<u>\$ (93,054)</u>	<u>(92,585)</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2011 and 2010

(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, 2011 and 2010.

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, 2011 and 2010

The composition of restricted assets in the rebate fund at June 30, 2011 and 2010 is set forth in the following table. Investments are stated at fair value.

	2011	2010
Certificates of deposit	\$ 600,000	600,000
Federal investment trust accounts	468,551	534,498
Total restricted assets in the rebate fund	\$ 1,068,551	1,134,498

(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, 2011 and 2010, the Commission had \$6,198,326 and \$6,204,986, 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 \$6,646,869 and \$6,725,844 at June 30, 2011 and 2010, 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 trust 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.

(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, 2011 and 2010 are obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government.

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

Notes to Financial Statements

June 30, 2011 and 2010

(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, 2011 and 2010, all certificates of deposit were insured and all investments in federal investment trust accounts were uninsured and uncollateralized.

(4) Capital Assets

Capital asset activity for the years ended June 30, 2011 and 2010 is shown below:

		2011			
		Balance at beginning of period	Increases	Decreases	Balance at end of period
Equipment	\$	40,972	1,005	—	41,977
Accumulated depreciation		(39,879)	(808)	—	(40,687)
	\$	1,093	197	—	1,290
		2010			
		Balance at beginning of period	Increases	Decreases	Balance at end of period
Equipment	\$	41,921	—	949	40,972
Accumulated depreciation		(40,299)	(529)	(949)	(39,879)
	\$	1,622	(529)	—	1,093

(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:		
2012	\$	126

Total rent expense charged to operations was \$3,925 and \$3,912 for the years ended June 30, 2011 and 2010, respectively.

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

Notes to Financial Statements

June 30, 2011 and 2010

(6) Subsequent Events

The Commission has reviewed subsequent events through November 14, 2011, 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.



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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, 2011 and 2010, and have issued our report thereon dated November 14, 2011. 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

Management of the Commission is responsible for establishing and maintaining effective 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 our 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 deficiency in internal control over financial reporting 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 over financial reporting, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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
November 14, 2011

