

CENTRAL INTERSTATE LLRW COMMISSION



Annual Report 1996-1997

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 five-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.

Commissioners

Arkansas

Laura Gilson

ALLTEL

Alternate

Bernie Bevill

Radiation Control Division

Department of Health

Kansas

James J. O'Connell

Sinclair, Sawyer, Thompson, Haynes & Cowing, P.C.

Alternate

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Director, Division of Environment

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Louisiana

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Michael E. Henry

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PROJECT STATUS UPDATE: 1996-1997

The Commission's developer, US Ecology, Inc., (USE) submitted a license application for a low-level radioactive waste disposal facility near the Village of Butte in Boyd County in July, 1990. The application was submitted to the Nebraska Department of Environmental Control (now known as Environmental Quality and referenced as NDEQ) and the Nebraska Department of Health (now known as Health and Human Services and referenced as NHHS).

The application was officially deemed complete by the State of Nebraska on December 24, 1991. After years of review, on May 31, 1995, US Ecology submitted to the State its responses to the fourth and final round of the state's technical comments. On June 15, 1995, US Ecology submitted its eighth revision to the Safety Analysis Report (SAR). On July 11, 1995, the NDEQ initiated its final review activities and confirmed that no more technical information would be requested from or accepted from the applicant. State evaluations and future decisions will be based on this final product.

During 1995 and early 1996, the State did not issue a licensing public review schedule or commit to a binding licensing review schedule. Compact law, as well as individual

laws in four of the five member states (Kansas law will be in force upon issuance of the license or permit to operate the disposal facility), charges the Commission to "require the Host State to process all applications for permits and licenses required for the development and operation of any regional facility or facilities within a reasonable period from the time that a completed application is submitted."

Commission staff and the Facility Review Committee drafted a review schedule that was in compliance with the respective federal and state laws and regulations. This draft schedule was adopted by the Commissioners at their January 18, 1996, Mid-Year Meeting. At their Spring Quarterly Meeting on March 27, 1996, the Commissioners voted to reaffirm their schedule. At the Annual Meeting of the Commission on June 26, 1996, the Commissioners unanimously approved conducting a Special Commission Meeting on August 27, 1996, for the purpose of " . . . developing and determining a reasonable schedule for the completion of the processing of the pending application for a license for the Compact's regional low-level radioactive waste disposal facility."

At public information meetings conducted by the NDEQ and the NHHS on August 19 and 21, 1996, the state provided information which called for the issuance of a Draft Safety Evaluation Report (DSER) and a Draft Environmental Impact Assessment (DEIA) in October, 1997. This information was provided to the Commission when the Commission conducted its special meeting on August 27th. The Commission agreed to take under advisement the materials and comments from the special meeting and that each Commissioner be prepared to discuss in open forum and vote on a decision for a reasonable time period for completion of the license application review during the Fall Quarterly Meeting of the Commission on September 30, 1996.

At their September 30th meeting, Commissioners approved a motion that a range of dates between December 14, 1996, and January 14, 1997, be adopted as the schedule date for receipt of the DSER and DEIA and a draft license decision by the NDEQ. They also approved

a motion that there be a single consolidated public comment period and public hearing process on the draft documents and draft license decision conforming to Nebraska law, previous Nebraska regulations, and similar environmental permits and license applications; federal statutes, regulations, and guidance, and other NRC agreement state's licensing processes.

On November 27, 1996, the State of Nebraska filed suit against the Commission regarding the issue of compliance with the Commission's proposed licensing schedule. Details of that lawsuit may be found elsewhere in this report. At the close of the 1996-

1997 Fiscal Year on June 30, 1997, the State continued to hold to its announced plan to issue the draft documents and begin the public hearing process in October, 1997.

As a result of a Memorandum on Performance Assessment prepared by the Nuclear Regulatory Commission (NRC), USE directed Bechtel National, Inc. (BNI) to assess the validity of the source term methodology used in the Safety Analysis Report (SAR). During February, 1997, BNI reviewed the NRC's information and found that the source term data and the site boundary dose presented in the SAR remains accurate and conservative. This finding further confirms the Butte facility's location and design will provide for the safe disposal of waste with no harm to the environment.

A subcontractor of NDEQ, the University of Nebraska Conservation and Survey Division, conducted a study titled "\"Task III Field Summary Report\"" regarding groundwater flow issues. USE requested BNI to assess this new data against the existing data contained in the SAR.

During June, 1997, BNI reviewed the Task III report on state monitoring wells. They found that the groundwater data obtained by the State confirmed the information presented in the SAR. The groundwater flow direction and destination presented in the SAR was therefore further confirmed by the independently obtained data.

Both of these actions indicate that the data presented by USE to the Host State Reviewers throughout the past several years continues to be valid and well within the limits and guidelines established by the NDEQ.

Commission Meetings

There were seven meetings of the Commission during the fiscal year. There were also four meetings of the Facility Review Committee and the Annual Information Forum was held in conjunction with the 1997 Annual Meeting. Except for the Commission's Mid-Year Meeting, all meetings were held in Lincoln, Nebraska.

A Special Teleconference Meeting of the Commission was held on August 15, 1996, for the purpose of taking action on several LLRW Export Applications. During the 13-minute meeting, the Commissioners unanimously approved 12 export applications.

On August 27, 1996, a Special Meeting of the Commission was held to receive comments, evidence, and reports on a reasonable time period for completion of the processing of the pending license application for a LLRW disposal facility. The Commissioners met for their Fall Quarterly Meeting on September 30, 1996. In addition to the regular business of approving LLRW Export Applications and the Quarterly Funding Request of USE, the Commissioners approved the Annual Commission Audit conducted by KPMG Peat Marwick. Discussion was held and motion approved on the issue of Draft Findings in the Matter of a Reasonable Schedule for the LLRW License Review Process. Information on this issue may be found elsewhere in this report.

The Mid-Year Meeting of the Commission was held on January 8, 1997, in Oklahoma City, Oklahoma. The meeting began with a round-table discussion on possible alternatives and options to the proposed site and facility with representatives of USE, the Major Generators, and the Host State (Nebraska). It was suggested during the meeting that the Commission create and appoint a committee to explore alternative disposal options, the existing contract between the Commission and USE, and the economic ramifications of the project. However, no formal motion was made and no vote was taken.

A special report was given to the Commissioners by their Legal Counsel who spoke briefly on the issues of Invoice and Accounting Reconciliation in the USE Contract, a review of American Ecology, the legal status of license review schedule matters, and the most recent Host State lawsuit against the Commission. Legal Counsel also outlined for the Commissioners a variety of remedies the Commission may enforce if the Host State did not comply with the two resolutions passed on September 30, 1996, with regard to completion of the technical portion and subsequent public participation in the license review process.

Following an executive session with their Legal Counsel, the Commissioners approved a motion to request Host State Nebraska to provide indications of why the January 14, 1997, date for issuance of draft licensing documents and a draft license decision would not be met. They recommended a special telephone meeting on or about February 4, 1997, to consider the Host State response to the above mentioned request and to consider further Commission actions. They asked Legal Counsel to evaluate a potential Bad Faith Claim against the State of Nebraska if it did not comply with the September 30, 1996, motions regarding scheduling matters. They asked Commission staff to begin a formalized account procedure to determine the accumulation of damages caused by the delay in issuance of a license.

At the Mid-Year Meeting, the Commissioners also approved the USE 1997 Annual Work Plan and the Quarterly Funding Request of USE. Several LLRW Export Applications were also approved.

On February 4, 1997, a Special Telephone Conference of the Commission was held regarding the failure of the Host State to meet the January 14, 1997, deadline for issuing draft licensing documents and a draft license decision. A motion was approved to ask the Commission Legal Counsel to evaluate a potential bad faith claim against the State of Nebraska and to report back on or before the Spring Quarterly Meeting on the estimated cost of such work.

The Commissioners also approved a motion allowing USE to proceed with its best efforts to resolve any obstacles or impediments it has with the Nebraska Host State regulators in regard to implementing the mitigation and filling plan as approved by the U. S. Army Corps of Engineers. Information on a declaratory judgment lawsuit regarding this matter may be found elsewhere in this report.

The Spring Quarterly Meeting of the Commission was held on March 26, 1997. Regular business was conducted including the approval of LLRW Export Applications and the Quarterly Funding Request of USE.

The 1997 Annual Meeting of the Commission was held on June 25, 1997. Approval was given to an amendment to Commission Rules regarding the creation and administration of a Litigation Committee. An amendment to Commission By-Laws specifying that the Commissioner or Alternate Commissioner representing a member state that is involved in litigation or imminent litigation adverse to the Commission shall not be a direct or indirect member of the Litigation Committee was approved. The Commissioners also approved a By-Laws amendment regarding procedures and limitations regarding closed sessions of Commission meetings.

Approval was given to the 1997-1998 Commission Budget and the Quarterly Funding Request of USE. The Commissioners adopted an Export Application Fee Schedule for Fiscal Year 1997-1998 which called for retaining the same fees as were in effect during the prior fiscal year. They then approved a number of LLRW Export Applications.

The Commissioners welcomed Michael Henry as the new alternate Commissioner from Louisiana and expressed their appreciation and thanks for the service of former Louisiana Commissioner William H. Spell. Spell is Administrator of the Louisiana Department of Health and Environment and will be retiring from that post later this year.

Laura Gilson, Commissioner from Arkansas, was elected Chairman of the Commission for the 1997-1998 Fiscal Year. Gilson follows Kansas Commissioner James J. O'Connell as Chairman.

SIXTH ANNUAL INFORMATION FORUM

Among the responsibilities of the Commission is the dissemination of information about Commission activities and low-level radioactive waste management efficiencies in general. One means of providing such information is the Annual Information Forum.

The Commission's Sixth Annual Public Information & Education Forum was held on June 24, 1997, in Lincoln. There were approximately 40 persons in attendance.

Theme for the Forum was "Rates, Fees, and Surcharges." A number of nationally recognized authorities gave presentations as well as staff from the Commission and USE. The first Forum session dealt with an historic overview of rates, fees, and surcharges. The second session related specifically to the Commission's disposal facility.

Participants in the first session included: Robert Burns, Senior Research Specialist and attorney at the National Regulatory Research Institute at Ohio State University; Eugene Eckhardt, Assistant Director of Water and Solid Waste with the Washington State Utilities and Transportation Commission; Jim Shaffner, Manager of the Southwestern Compact Region for USE; and Barry Bede, USE Vice President. Second session participants included John DeOld, Project Manager, USE and A. Eugene Crump, Executive Director of the Commission.

Topics discussed included: Issues in Recovering Pre-Operational (Site Development) Expenses; Rate Setting for the Ward Valley, California, LLRW Project; USE, Richland, Washington, Disposal Rates, Fees & Surcharges; USE, Collaborative Group Report on Rate Design and Ratemaking; The Washington State Experience on regulation of LLRW, including Rates in the Initial Rate Setting Process; Cost Recovery and Ratemaking Approaches for LLRW Disposal Facilities; and Cost of Service and Rate Design.

During his remarks on Recovering Pre-operational Expenses, Burns said that the financial arrangements for recovering these investments would vary according to who makes the investment: the site developer, the waste generators, or state governments. "Traditionally, pre-operational expenses of utility plant construction and site development are recovered from the customers after the plant has been placed in service. Traditionally, utility plant construction and site development expenses are funded by debt and equity investors," Burns said.

"In such cases, direct costs of site preparation and construction are capitalized," he added. "The indirect costs properly assignable to site preparation and construction work are also capitalized." He said that indirect costs include interest during construction which may include all reasonable costs of money, whether paid out or not, utilized during the site preparation and construction stage.

"Interest on debt capital, whether paid or accrued, is capitalized," he said, "and, further, an imputed interest on equity capital is also charged. While rates on long-term debt are readily available, no rate is available on equity since the assets are not yet in service. Most commissions capitalize all construction and site preparation at the utility's authorized rate of return."

Eckhardt said the goal of cost recovery and ratemaking approaches for LLRW Disposal Facilities was to develop rates that will recover the costs of the facility. "These include," he said, "the initial investment and development expenses, day-to-day operating costs, the opportunity to earn a fair rate of return on the owners' investment in the facility -- their profit, and income taxes."

He said that rates should encourage efficient and effective use of the facility. "The rates should be fair for various classes of customers and there should be an avoidance of rate shock, bypass, or 'gaming' the rates," he added.

The Forum was videotaped and the tape is available for viewing at the Commission Office. Handouts related to each of the topics discussed are also available upon request.

FACILITY REVIEW COMMITTEE

The Facility Review Committee (FRC), created under the terms of the contract between the Commission and USE, is an advisory body to the Commission regarding the project's progress and funding requirements.

The FRC meets in the Commission office in Lincoln, Nebraska, on a quarterly basis to review USE's Quarterly Funding Requests.

The FRC reviews the project schedules and time lines, the scope and tasks of the project, the anticipated and projected costs related to the project, and other reasonable and related matters. Recommendations of the FRC are forwarded to the Commission for action at the next regularly scheduled Commission meeting.

Voting members of the FRC include the Host State (Nebraska) Commissioner, a representative appointed by and from the Village of Butte (Host Community), the Chairman of the Commission, and a representative of the Major Generators of LLRW from the five Compact states. USE is currently a non-voting member.

The FRC met on August 21, 1996, and recommended approval of the Quarterly Funding Request of USE. The next meeting was November 20, 1996, during which discussion was held regarding review of options and alternatives for the Mid-Year Meeting of the Commission. It was suggested by the FRC that there be a round-table discussion of options and alternatives and that this discussion would include representatives of the Commission, USE, the Major Generators, and the Host State. The FRC recommended approval of the USE 1997 Pre-Construction Work Plan based on the Commission schedule adopted on September 30, 1996, and that any and all references to a Host State schedule or projected dates be deleted from the 1997 Pre-Construction Work Plan. The Quarterly Funding Request was also approved by the FRC.

Meeting on February 19, 1997, the FRC recommended approval of the Quarterly Funding Request of USE with the contingency that design and engineering funds not be spent until receipt of the draft licensing documents from the Host State and the staff review of corporate overhead hours. On May 21, 1997, the FRC recommended approval of the Quarterly Funding Request with the same contingency as was noted at their February 19th meeting.

INFORMATION AND EDUCATION

Requests for information regarding Commission activities are received regularly throughout the year. These requests come from member states, members of the general public, students at the high school and college level, other Compacts and states, and national publications specializing in LLRW or environmental issues. Additionally, research on specific topics is performed in response to questions from Commissioners and others directly related to the project.

The Commission has a variety of Fact Sheets, brochures, position papers, and other information available, including project-specific brochures. Among these documents is the Chronology of Public Participation which lists in detail every activity or event in which the public was actively involved since the beginning of the project. This chronology is updated regularly to reflect additional public participation activities as they occur.

Public Information/Education activities also include the Annual Information Forum, the quarterly newsletter "Commission News," and the Annual Report.

ANNUAL BILLINGS REVIEW

The Annual Billings Review of license application work performed by USE was completed by the Commission's outside accounting firm KPMG Peat Marwick LLP. The agreed upon procedures for the auditor's billing review covers fiscal year 1995-1996 and was completed in early September, 1996.

The billings review is performed pursuant to a contract between the Commission and the Major Generators from the five states of the Compact. The review is performed solely to assist the Commission and Major Generators in evaluating USE's compliance with its contract with the Commission. All billings from US Ecology to the Commission, including BNI, to USE, were subject to inspection during the review.

The review included direct labor charges, the fringe benefit adder rate, payments to vendors, supporting documentation for payments to subcontractors, travel charges, and other general expense charges. In some instances, minor mathematical discrepancies were found in the computations used by USE or BNI to arrive at their

billing amounts. By mutual agreement, all billing errors were corrected and appropriate action was taken to properly reconcile all accounts. The review for fiscal year 1996-1997 should be completed in September 1997.

COMMISSION WEB PAGE

The Commission is now a member of the Internet system of world wide web pages. The Commission's web page became operational in late 1996. The Commission's Project Manager prepared the necessary materials and programs to create, operate, and update the web page.

Among the items contained on the Commission's web page are newsletter articles, the Annual Report, minutes of Commission and FRC meetings, notices of meetings, and other appropriate information. The web page is updated regularly.

On the Internet, the web page may be accessed at <http://www.cillrwcc.org>.

Also available is an e-mail system in which any of the Commission staff may send and receive electronic mail. The e-mail address's all start with the staff member's name as follows: [acrump](mailto:acrump@cillrwcc.org) (A. Eugene Crump), [carl](mailto:carl@cillrwcc.org) (Carl Connell), [rich](mailto:rich@cillrwcc.org) (Richard Kuzelka), [don](mailto:don@cillrwcc.org), (Donald L. Rabbe), and [rita](mailto:rita@cillrwcc.org) (Rita Houskie). Each e-mail address ends with cillrwcc.org. A sample e-mail address would be [on@cillrwcc.org](mailto:acrump@cillrwcc.org).

ANNUAL WASTE SURVEY RESULTS

The Commission's 1997 Annual Waste Survey, the fifth such survey conducted, had a response rate of 39.7%. The survey was sent to 252 previous generators with export authorization from the Commission or generators who had responded to previous surveys. There were 100 responses.

Of the 100 responses received, 46 indicated that they continued to generate low-level radioactive waste during the period covered by the survey. The quantity generated

ranged from as little as one-half cubic foot to more than 4,200 cubic feet. Although the quantity was somewhat reduced from previous surveys, the radiation content (measured in curies) continued to increase over previous surveys.

Respondents included 40 medical facilities, 15 higher education facilities, 17 industrial facilities, and six utilities. The respondents by state included: Arkansas, 7; Kansas, 18; Louisiana, 19; Nebraska, 33; Oklahoma, 21.

Twenty-six of the respondents ship their LLRW for disposal and 28 store their LLRW on site and wait for it to decay to acceptable levels. Of those shipping for disposal, several medical facilities return their LLRW to the manufacturer or a centralized radiopharmacy.

Of the commercial disposal facilities available, the Barnwell, South Carolina, disposal facility is the most frequently used, far outdistancing those who ship to the Envirocare facility in Utah.

Those storing waste on site indicated they could continue to do so for a period ranging from one to five years. Nearly every respondent indicated they would incur increased costs in the management of their LLRW. Existing annual budget cycle costs for LLRW generators ranged from as low as \$400 to as much as \$2.3 million. Seven respondents indicated they are ceasing use of radioactive materials because there is no safe way to properly dispose of their waste.

Each year respondents are invited to offer any additional comments or ask questions they may have about the Commission's development of a disposal facility. These comments and all other data obtained from the survey are available for review in the Commission office.

NDEQ PRESENTS ANNUAL REPORT TO THE NEBRASKA LEGISLATURE

The Nebraska Department of Environmental Quality (NDEQ) contains the Low-Level Radioactive Waste Program (LLRW Program) created to administer the NDEQ's responsibilities as outlined in Nebraska State Statute through the Low-Level Radioactive Waste Disposal Act. The NDEQ's 1996 Annual Report to the Legislature

details the LLRW Program activities from 1990 to the present regarding their review of the license application of US Ecology.

The LLRW Program is a cooperative effort on behalf of NDEQ and the Nebraska Department of Health and Human Services (NHHS). Their technical review of the license application covers eight functional areas including Site Characterization, Performance Assessment, Quality Assurance, Design and Construction, and Facility Operations. In addition to state personnel, the LLRW Program organized and contracted for a team of more than 100 technical reviewers with expertise in more than 20 technical and professional disciplines to assist the NDEQ and NHHS in the review of the application.

According to the LLRW Program's Annual Report, issued December 1, 1996, the license application submitted by USE in July, 1990, contained a two-volume Environmental Report and an 11-volume Safety Analysis Report. These documents contained more than 4,000 pages of information. By October, 1990, reviewers had identified 34 alleged deficiencies. USE responded between November, 1990, and July, 1991. Eight additional outstanding alleged deficiencies were reported to USE in August, 1991, and responded to in November, 1991. On December 24, 1991, the State determined the application to be complete. The Safety Analysis Report generated 1,350 comments and the Environmental Report generated 355 comments. There were four rounds of comments from the State which were responded to by USE.

In 1993, the State issued an Intent to Deny action, citing the presence of wetlands at the proposed site. In August, 1993, USE submitted a revision to its license application, changing the boundary size of the proposed site to respond to the Intent to Deny. This revision prompted the technical review team to re-evaluate all areas of the revised application prior to issuing Final Technical Review Comments. This final round of comments was forwarded to USE by the State in October, 1994, and USE completed its response in May, 1995. On July 11, 1995, the LLRW Program initiated its final review activities and was continuing that review process at the completion of the Commission's last fiscal year on June 30, 1997.

LEGISLATIVE ACTIONS

Two pieces of legislation affecting the Commission were introduced during the 1997 session of the Nebraska Unicameral. Legislative Bill 684, extended through calendar year 1997 the responsibility of the Commission member states to provide to the Host State (Nebraska) Community Improvement Cash Funds (CICF). This legislation was approved by the Unicameral as an amendment to LB 658 and was signed into law by Host State Governor E. Benjamin Nelson. This insures continued funding assistance for the Village of Butte (Host Community) and a number of other political subdivisions in Boyd County which are impacted by the selection of the proposed disposal facility site.

The CICF was authorized and established in 1987. The annual amount provided by the states of Louisiana, Arkansas, Oklahoma, and Kansas to Host State Nebraska is \$75,000 each for a total of \$300,000. With the 1997 funding, the Commission has paid to Nebraska a total of \$2.7 million for public purpose use by the affected communities and political subdivisions. One-half of the CICF money is distributed to the Villages of Butte and Anoka (\$147,000 and \$3,000 respectively) and the remainder is provided to the Boyd County Treasurer for distribution to a number of political subdivisions such as the Butte Public School, the Rural Fire Protection District, the Boyd County Fair Board, the area Community College, and the area Natural Resource District. These recipients use the funds for public purposes such as street, water, and sewer improvements, roads and bridges, educational materials and equipment, fire safety equipment and facilities, and for a portion of the costs of the new Butte Community Building.

Nebraska State Senator M. L. "Cap" Dierks introduced Legislative Bill 552 to withdraw Nebraska's membership in the Compact. He identified LB 552 as his priority legislation for the session.

Senator Dierks cited as the reason for introducing the bill the exclusion of the Nebraska Commissioner from an executive session of the Commission's Mid-Year Meeting. A public hearing before the legislature's Natural Resources Committee was held on March 20, 1997. The bill was held over by the committee.

The bill may be discussed during the legislative session starting in January, 1998. The Natural Resources Committee did agree, however, to conduct an interim study of the issue. Public hearings will be held later this year and the Committee report will be submitted to the full legislature in its 1998 session.

Project & Associated Costs

PROJECT AND ASSOCIATED COSTS

SUMMARY OF PROJECT COSTS	DOLLARS		PERCENTAGE	
	FY 96-97	TO 6/30/97	FY 96-97	TO 6/30/97
PAID TO US ECOLOGY**:				
DIRECT & INDIRECT COSTS	1,085,363	15,320,858	15.30%	17.40%
SUBCONTRACTS:				
BECHTEL NATIONAL INC. (BNI)	872,094	36,067,863	12.30%	41.10%
BNI SUBCONTRACTS	880	4,462,762	0.00%	5.10%
OTHER SUBCONTRACTS	219,758	3,654,823	3.10%	4.20%
LOCAL MONITORING COMMITTEES	100,000	1,000,000	1.40%	1.10%
HOST STATE LICENSE REVIEW	4,121,888	23,412,478	57.90%	26.70%
SUBTOTAL-PAID TO US ECOLOGY	6,399,983	83,918,784	89.90%	95.60%
CIF DISTRIBUTION THROUGH NDEQ	600,000	2,700,000	8.40%	3.10%
FEDERAL REBATE FUNDS EXPENDITURES:				
COMMISSION	0	77,840	0.00%	0.10%
HOST STATE	115,543	1,112,509	1.60%	1.30%
TOTAL PROJECT & ASSOCIATED COSTS	7,115,526	87,809,133	100.00%	100.00%

FEDERAL REBATE FUNDS BALANCES	FY 96-97	TO 6/30/97
COMMISSION **:		
REC'D FROM DOE	0	2,426,712
PAID TO NDEQ	0	1,519,411
USED BY COMMISSION	0	77,840
AVAILABLE FUND BALANCE	0	829,461
NDEQ **:		
REC'D FROM COMMISSION	0	1,519,411
USED BY NDEQ	115,543	1,112,509
AVAILABLE FUND BALANCE	(115,543)	406,902

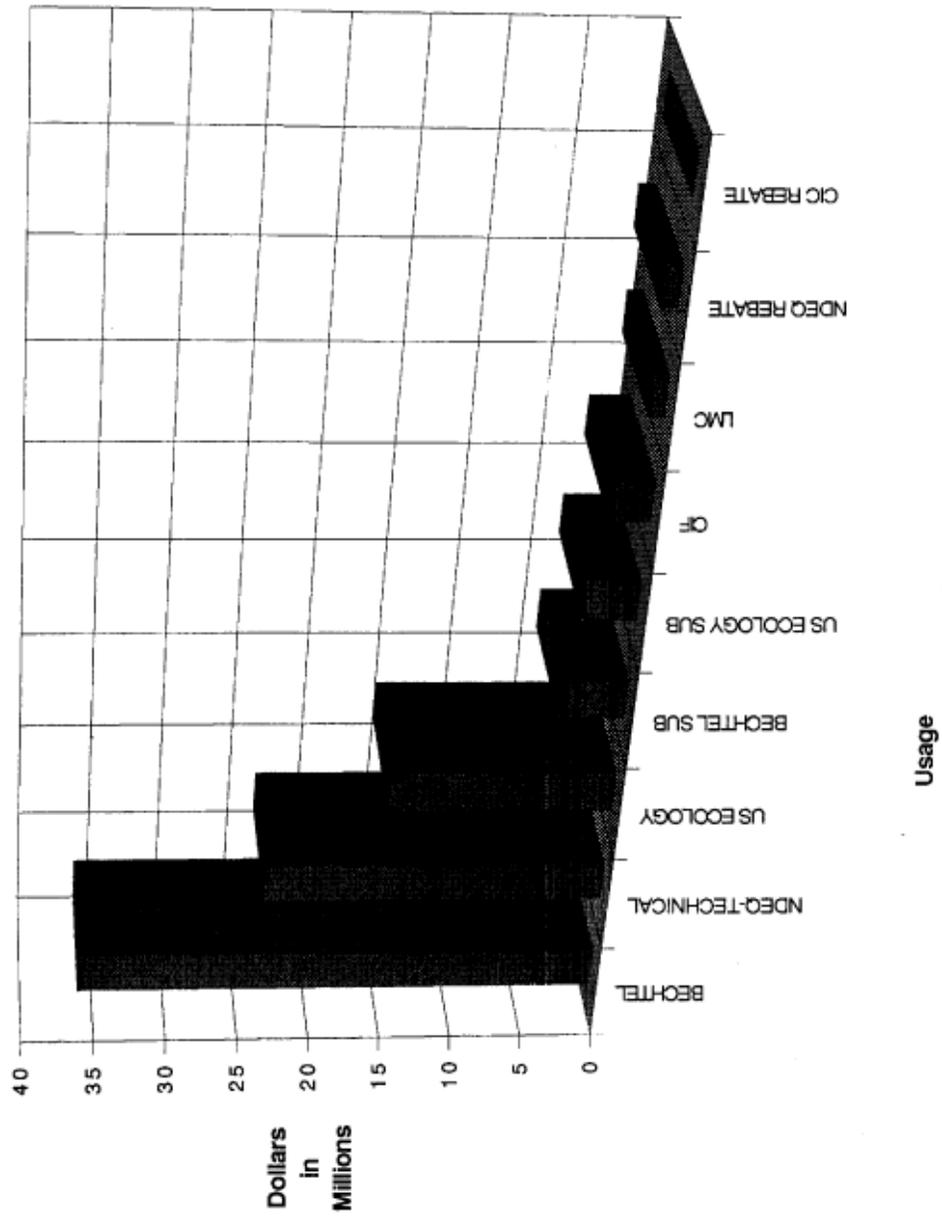
DISTRIBUTION OF COMMUNITY IMPROVEMENT FUND	FY 96-97	TO 6/30/97
TO VILLAGES:		
BUTTE	147,000	
ANOKA	3,000	
UNDISTRIBUTED ***	150,000	
SUBTOTAL VILLAGES	300,000	1,300,000
TO COUNTIES:		
BOYD COUNTY	30,667	
NORTHEAST TCC	4,886	
SCHOOL DISTRICT #5	103,498	
ESU #8	2,481	
LOWER NIOBRARA NRD	1,612	
COUNTY AG SOCIETY	352	
MCCULLEY TOWNSHIP	4,769	
BUTTE FIRE DISTRICT	1,735	
UNDISTRIBUTED ***	150,000	
SUBTOTAL	300,000	1,200,000
NEMAHA	0	100,000
NUCKOLLS	0	100,000
SUBTOTAL COUNTIES	300,000	1,400,000
TOTAL DISTRIBUTION	600,000	2,700,000

* PER PROJECT MONTHLY PROGRESS REPORT

** DOES NOT INCLUDE INTEREST EARNED & ACCRUED

*** \$300,000 PAID TO DEQ IN JUNE 25, 1997, UNDISTRIBUTED AS OF JULY 31, 1997

**CENTRAL STATES COMPACT
PROJECT & ASSOCIATED COSTS THROUGH JUNE 30, 1997**



Commission Expense Report

COMMISSION EXPENSE REPORT

EXPENSE	FY 94-95	FY 95-96	FY 96-97		FY 97-98
	ACTUAL (1)	ACTUAL	BUDGET (2)	ACTUAL	BUDGET
SALARIES & BENEFITS	339,057	334,296	276,211	274,366	243,965
RENT	46,297	33,863	35,400	35,218	38,000
TELEPHONE	8,593	9,132	10,500	9,993	10,000
POSTAGE	3,993	4,378	3,400	3,237	4,000
COPYING & PRINTING	1,301	898	200	88	1,000
MACHINE MAINTENANCE	3,650	7,492	5,000	4,907	6,400
MEETING TRANSCRIPTIONS	3,094	3,321	5,200	4,962	5,000
DUES & SUBSCRIPTIONS	319	418	500	369	600
OFFICE SUPPLIES	14,336	11,242	15,800	14,029	13,500
TRAVEL EXPENSES	22,177	17,092	19,000	19,114	18,000
INSURANCE	5,243	6,190	2,600	2,580	4,000
ACCOUNTING	9,415	37,138	30,000	23,899	28,000
LEGAL COUNSEL	85,685	116,338	190,000	179,594	120,000
SPECIAL COUNSEL (3)	977	0	0	0	0
MISCELLANEOUS	35	0	0	0	500
PROJECT MANAGER (4)	0	138,855	167,119	166,840	172,000
TOTAL	544,172	720,653	760,930	739,196	664,965

(1) FY 94-95 PRESENTED APPLYING CASH BASIS ACCOUNTING

(2) AMENDED EFFECTIVE JUNE 25, 1997

(3) FINALIZED EFFECTIVE JUNE 30, 1995

(4) ADDED EFFECTIVE JULY 1, 1995



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INDEPENDENT AUDITORS' REPORT

The Commissioners
Central Interstate Low-Level
Radioactive Waste Commission:

We have audited the accompanying balance sheets of the Central Interstate Low-Level Radioactive Waste Commission (Commission) as of June 30, 1997 and 1996, and the related statements of revenues and expenses of the general fund, changes in fund balances and cash flows of the general fund 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 generally accepted auditing standards. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 1997 and 1996, and the results of its operations of the general fund, changes in its fund balances and cash flows of its general fund for the years then ended in conformity with generally accepted accounting principles.

KPMG Peat Marwick LLP

July 25, 1997

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

Balance Sheets

June 30, 1997 and 1996

	Assets	1997	1996
General fund:			
Current assets:			
Cash, primarily interest-bearing accounts		\$ 377,468	288,065
Accounts receivable		-	75,000
Prepaid expense		<u>1,637</u>	<u>2,087</u>
Total current assets		<u>379,105</u>	<u>365,152</u>
Property and equipment		113,313	107,228
Less accumulated depreciation		<u>102,348</u>	<u>97,659</u>
Net property and equipment		<u>10,965</u>	<u>9,569</u>
Total assets - general fund		<u>\$ 390,070</u>	<u>374,721</u>
Restricted funds:			
Rebate fund, Commission certificates of deposit (note 2)		\$ 279,276	829,451
Guarantee fund, certificates of deposit (note 2)		1,000,000	-
Project fund:			
Cash, interest-bearing account		471,230	180,547
Accounts receivable		<u>444,715</u>	<u>623,581</u>
Total project fund		<u>915,945</u>	<u>804,128</u>
Total assets - restricted funds		<u>\$ 2,195,221</u>	<u>1,633,579</u>
Liabilities and Fund Balances			
General fund:			
Current liabilities:			
Community improvement fees payable		\$ -	300,000
Accounts payable		53,022	13,719
Accrued expenses		<u>9,142</u>	<u>21,380</u>
Total current liabilities		<u>62,164</u>	<u>335,099</u>
Unearned export application fees		180,000	-
Fund balance		147,906	39,622
Commitments and contingencies (notes 2 and 4)		-	-
Total liabilities and fund balance - general fund		<u>\$ 390,070</u>	<u>374,721</u>
Restricted funds:			
Rebate fund (note 2)		\$ 279,276	829,451
Guarantee fund (note 2)		1,000,000	-
Project fund:			
Liability, accounts payable		915,945	772,844
Fund balance		<u>-</u>	<u>31,284</u>
Total project fund		<u>915,945</u>	<u>804,128</u>
Total liability and fund balances - restricted funds		<u>\$ 2,195,221</u>	<u>1,633,579</u>

See accompanying notes to financial statements.

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

Statements of Revenues and Expenses of the General Fund

Years ended June 30, 1997 and 1996

	1997	1996
Revenues:		
Commission member fees	\$ 125,000	125,000
Community improvement fees	300,000	300,000
Export application fees	641,600	556,100
Other	<u>274</u>	<u>93</u>
Total revenues	<u>1,066,874</u>	<u>981,193</u>
Operating expenses:		
Salaries and benefits	261,759	345,596
Travel	17,699	15,553
Professional services	384,416	286,111
Office and administrative	29,962	30,952
Rent (note 4)	35,218	34,161
Depreciation	4,689	3,398
Nebraska Community Improvement	300,000	300,000
Other	<u>1,414</u>	<u>1,539</u>
Total operating expenses	<u>1,035,157</u>	<u>1,017,310</u>
Income (loss) from operations	31,717	(36,117)
Interest income	<u>29,605</u>	<u>23,113</u>
Net income (loss)	\$ <u>61,322</u>	<u>(13,004)</u>

See accompanying notes to financial statements.

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

Statements of Changes in Fund Balances

Years ended June 30, 1997 and 1996

	General Fund	1997	1996
Balance at beginning of year		\$ 39,622	52,626
Net income (loss)		61,322	(13,004)
Transfer of interest income from project fund		<u>46,962</u>	<u>—</u>
Balance at end of year		<u>\$ 147,906</u>	<u>39,622</u>
Restricted Funds			
Rebate fund:			
Balance at beginning of year		\$ 829,451	—
Additions:			
Resolution of State of Nebraska litigation		—	829,451
Interest income		16,132	—
Transfer of interest income from guarantee fund		33,693	—
Transfer to guarantee fund		<u>(600,000)</u>	<u>—</u>
Balance at end of year		<u>\$ 279,276</u>	<u>829,451</u>
Guarantee fund:			
Balance at beginning of year		\$ —	—
Additions:			
Funding from major generators		400,000	—
Transfer from rebate fund		600,000	—
Interest income		33,693	—
Transfer of interest income to rebate fund		<u>(33,693)</u>	<u>—</u>
Balance at end of year		<u>\$ 1,000,000</u>	<u>—</u>
Project fund:			
Balance at beginning of year		\$ 31,284	16,255
Additions:			
Funding from major generators		6,439,990	5,793,599
Interest income		<u>15,678</u>	<u>15,029</u>
Total additions		<u>6,455,668</u>	<u>5,808,628</u>
Deductions:			
US Ecology		2,178,102	2,194,678
Nebraska Department of Environmental Quality		4,161,888	3,498,921
Local Monitoring Committee		100,000	100,000
Transfer of interest income to general fund		<u>46,962</u>	<u>—</u>
Total deductions		<u>6,486,952</u>	<u>5,793,599</u>
Balance at end of year		<u>\$ —</u>	<u>31,284</u>

See accompanying notes to financial statements

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

Statements of Cash Flows of the General Fund

Years ended June 30, 1997 and 1996

	1997	1996
Cash flows from operating activities:		
Net income (loss)	\$ <u>61,322</u>	<u>(13,004)</u>
Adjustments to reconcile net loss to cash provided (used) by operating activities:		
Depreciation	4,689	3,398
Changes in assets and liabilities:		
Accounts receivable	75,000	-
Other current assets	450	897
Community improvement fees payable	(300,000)	-
Other current liabilities	27,065	4,343
Due to major generators	-	(13,737)
Unearned export application fees	180,000	-
Total adjustments	<u>(12,796)</u>	<u>(5,099)</u>
Net cash provided (used) by operating activities	<u>48,526</u>	<u>(18,103)</u>
Cash flows from investing activities:		
Transfer of interest income from project fund	46,962	-
Purchases of property and equipment	<u>(6,085)</u>	<u>(6,418)</u>
Net cash provided (used) by investing activities	<u>40,877</u>	<u>(6,418)</u>
Net increase (decrease) in cash	89,403	(24,521)
Cash and interest-bearing accounts, including limited use asset, at beginning of year	288,065	312,586
Cash and interest-bearing accounts, including limited use asset, at end of year	\$ <u>377,468</u>	<u>288,065</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 1997 and 1996

(1) Organization

The Central Interstate Low-Level Radioactive Waste Commission (Commission) was established in 1984 by an interstate compact among the states of Arkansas, Kansas, Louisiana, Nebraska and Oklahoma with 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 by providing for and encouraging the safe and economical management of low-level radioactive wastes within the compact region.

The Commission is an instrumentality of the compact 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

Property and Equipment

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

Fund Balances

The general fund is not restricted for identified purposes by contractual agreement and includes resources which the Commission may use for any purpose related to the site becoming licensed and operational. The restricted funds are used to differentiate funds, the use of which is limited by a contractual agreement and amendments thereto, from funds on which no restriction has been placed or which arise as a result of the operation of the Commission for its stated purposes.

The source of the project fund is from six major generators which are providing funding for the low-level radioactive waste disposal project under an agreement with the Commission (see note 3). The six major generators are Arkansas Power and Light Company, Gulf States Utilities Company, Louisiana Power and Light Company, Nebraska Public Power District, Omaha Public Power District and Wolf Creek Nuclear Operating Corporation. The agreement specifies the project funds provided by the major generators are to be used only to reimburse US Ecology, Inc. (US Ecology) for project costs incurred as defined in Section 4.01 of the Commission's contract with US Ecology.

The use of interest earned on the project fund is not restricted and is periodically transferred to the general fund.

(Continued)

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

Notes to Financial Statements

Page 2

(2) Summary of Significant Accounting Policies

Fund Balances

Use of the rebate funds is restricted to payment of certain costs incurred to establish the low level waste facility or mitigate the impact of low level radioactive waste disposal facilities on the State of Nebraska.

The Commission has agreed to guarantee payment by US Ecology of certain licensing activity costs incurred by the State of Nebraska. Related to this guarantee, the Commission is obligated to create and maintain a segregated restricted account with a balance of \$1,000,000 for a guarantee fund, if needed, for payment of the State of Nebraska's licensing expenses and payments to its contractors in the license application and review process, should US Ecology default on prelicensing payments to the State of Nebraska. On July 12, 1996, the Commission transferred \$600,000 to the guarantee fund from rebate funds. The major generators also deposited \$400,000 in the Commission guarantee fund on July 12, 1996. Commission management believes that presently no circumstances exist to cause the use of monies in the guarantee fund for payment of licensing costs incurred by the State of Nebraska. At the end of the prelicensing period, when the license decision is final, the guaranty provisions expire. When that date approaches and any remaining anticipated costs of the licensing activities are determined and paid, the \$400,000 balance in the guarantee fund shall be released to the major generators. The remaining \$600,000 may then be used by the Commission for any legal purpose.

The interest income earned on the \$400,000 deposited in the guarantee fund by the major generators is remitted directly to the major generators. The interest income earned on the remaining \$600,000 is periodically transferred to the rebate fund.

Use of Estimates

Management of the Commission has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

(3) Contractual Agreements

In January 1988, the Commission entered into an agreement with US Ecology for the design, development, construction, operation and eventual decommissioning of a facility for the disposal of low-level radioactive waste. The agreement specifies eight project phases from identification of a host state and preparation of a siting plan to closure and post closure of the facility.

(Continued)

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

Notes to Financial Statements

Page 3

(3) Contractual Agreements, Continued

Current funding for the siting, licensing, development and construction of the facility is being provided by six major generators under separate agreement and, in part through equity contributions from US Ecology. Equity contributions were accomplished by US Ecology through credits on billings to the Commission for the facility. The Commission entered into the agreement to provide necessary funding for the project with the major generators in January 1988 and as currently amended.

(4) Lease

Rent expense under an operating lease for office space was \$35,218 and \$34,161 for the years ended June 30, 1997 and 1996, respectively. The future minimum rental payments under this lease are as follows:

For the year ended June 30:	
1998	\$ 28,840
1999	28,840
2000	<u>19,227</u>

