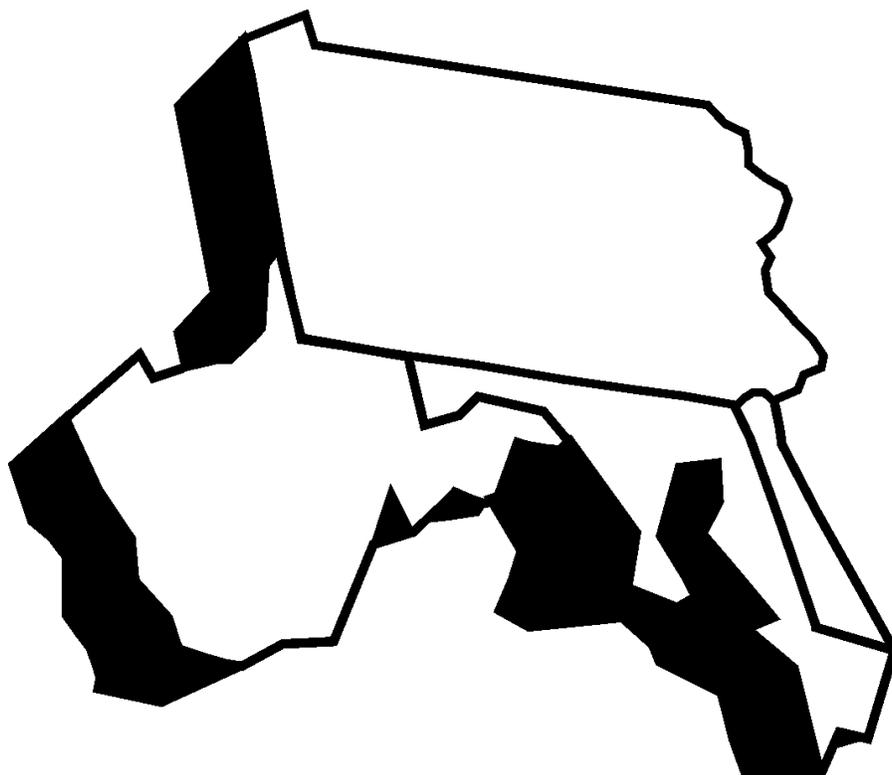


**APPALACHIAN STATES
LOW-LEVEL
RADIOACTIVE
WASTE COMMISSION**

**2004 - 2005
ANNUAL REPORT**



DELAWARE • MARYLAND • PENNSYLVANIA • WEST VIRGINIA



Commonwealth of Pennsylvania
Edward G. Rendell, Governor

Department of Environmental Protection
Kathleen A. McGinty, Secretary

**APPALACHIAN STATES
LOW-LEVEL
RADIOACTIVE
WASTE COMMISSION**

**2004 - 2005
ANNUAL REPORT**

Table of Contents

	Page
Introduction	1
What is Low-Level Radioactive Waste?	1
History of the Commission	1
Administration of the Commission	2
Commission Members and Alternates	2
Duties and Powers of the Commission	3
Activities of the Commission	4
Waste Disposed by Compact Member States.....	5
Appalachian States Compact LLRW Disposal Trends.....	6
Status of Regional Disposal Facility Siting Project.....	11
Independent Auditors' Report	

Tables

Table 1: Appalachian Compact 2004 LLRW Disposal Volume by State and Facility Type	7
Table 2: Appalachian Compact 2004 LLRW Disposal Activity by State and Facility Type	8
Table 3: Appalachian Compact LLRW Disposal Volume from 1986 to 2004	9
Table 4: Appalachian Compact LLRW Disposal Activity from 1986 to 2004	10

Charts

Chart 1: Appalachian Compact 2004 LLRW Disposal Volume by State and Facility Type	7
Chart 2: Appalachian Compact 2004 LLRW Disposal Activity by State and Facility Type	8
Chart 3: Appalachian Compact LLRW Disposal Volume from 1986 to 2004	9
Chart 4: Appalachian Compact LLRW Disposal Activity from 1986 to 2004	10

APPALACHIAN STATES LOW-LEVEL RADIOACTIVE WASTE COMMISSION ANNUAL REPORT

Introduction

The General Assembly of the Commonwealth of Pennsylvania created the Appalachian States Low-Level Radioactive Waste Commission (Commission) by enacting the Appalachian States Low-Level Radioactive Waste Compact Act, Pennsylvania Act 1985-120. Under the authority of this act, the states of Delaware, Maryland, West Virginia and the Commonwealth of Pennsylvania formed a compact to provide for the regional management and disposal of low-level radioactive waste (LLRW) in response to federal law, Low-Level Radioactive Waste Policy Act of 1980 and Low-Level Radioactive Waste Policy Amendment Act of 1985. Congress consented to the Appalachian States Low-Level Radioactive Waste Compact in May 1988.

The Commission provides for representation of the compact party states in establishing a regional facility to dispose of their LLRW. Its duties and powers are listed in the "Duties and Powers of the Commission" section of this report.

Pennsylvania has been designated as the initial host state for the regional LLRW disposal facility because it generates the largest amount of LLRW in the compact. However, on December 31, 1998, the Pennsylvania Department of Environmental Protection (DEP) suspended the siting process after discussing the issue with the Commission.

This report covers the period of **July 1, 2004**, through **June 30, 2005**.

What is Low-Level Radioactive Waste?

LLRW is defined as radioactive waste that is not high-level radioactive waste (HLRW), spent nuclear reactor fuel, wastes from reprocessed reactor fuel, uranium mine and mill tailings, waste containing higher quantities of transuranic elements or radioactive wastes generated in the production of nuclear weapons. LLRW includes naturally occurring or accelerator-produced radioactive material or any other waste classified as low-level radioactive waste by the federal acts. LLRW is trash or other materials that have been contaminated with radioactivity and consists of contaminated protective clothing, paper, metal and glass items, ion exchange resins, filter media, solidified waste, incinerator ash, reactor components, radiation gauges and sealed sources.

In the Appalachian States Compact region, LLRW is produced by nuclear power reactors, hospitals, universities, military and various industrial and research firms.

Pennsylvania will only regulate the disposal of LLRW at the regional facility. The federal government is responsible for the disposal of HLRW, transuranic and greater than Class C wastes. Items such as spent nuclear fuel, some nuclear reactor components, some radiation gauges and sealed sources fall under the federal responsibility.

History of the Commission

Until December 31, 1992, the nation had three commercial low-level radioactive waste disposal facilities. They were located in Barnwell, South Carolina; Beatty, Nevada; and Richland, Washington. Congress passed the Low-Level Radioactive Waste Policy Act (P.L. 96-573) in 1980 to remove the burden from these three states of accepting LLRW from all 50 states. This act required states to manage the disposal of all LLRW generated within their borders, except defense-related waste generated by the Department of Energy. The act authorized states to form compacts to establish and operate regional disposal facilities.

Despite the enactment of the Federal Low-Level Radioactive Waste Policy Act of 1980, by 1985 the states had made little progress towards establishing regional LLRW disposal facilities. Therefore, in January 1986 Congress

passed the Low-Level Radioactive Waste Policy Amendments Act of 1985 (P.L. 99-240). The 1985 Policy Amendments Act provided several incentives and sanctions to encourage states to join compacts and develop and operate regional LLRW disposal facilities.

The Pennsylvania General Assembly enacted Act 1985-120 to create the Commission and provide for its powers and duties. It also provided for the rights, responsibilities and obligations of the party states. The respective legislatures and governors of Delaware, Maryland, Pennsylvania and West Virginia approved the Appalachian States Low-Level Radioactive Waste Compact between 1985 and 1987. Congress consented to the compact on May 19, 1988 (P.L. 100-319). The compact designated Pennsylvania as the initial host state for a regional LLRW disposal facility.

Administration of the Commission

The Commission currently consists of 10 members: four from Pennsylvania and two each from Delaware, Maryland and West Virginia. The governor of Pennsylvania will appoint an eleventh member from the municipality or county where the regional disposal facility is located.

The Commission became operational June 4, 1990. The Commission is required to hold an annual meeting. The chairman, a majority of the Commission members, or two Commission members from the host state can call additional meetings during the year. Since the suspension of the siting process, the Commission has only been holding annual meetings. These meetings are open to the public.

Commission members, alternates and officers as of **June 30, 2005**, are as follows:

OFFICERS	Chairman Vice-Chairman	Kathleen A. McGinty Kendl P. Philbrick
STAFF	Counsel	John W. Carroll, Esquire Tim Anderson, Esquire Pepper Hamilton LLP
STATE	COMMISSION MEMBER	COMMISSION ALTERNATE
DELAWARE	Honorable Vincent P. Meconi Delaware Health and Social Services Office of the Secretary	Freida Fisher-Tyler Director of Radiation Control Delaware Division of Public Health
	Honorable John A. Hughes Secretary Department of Natural Resources and Environmental Control	Harry W. Otto, Ph.D. Administrator, Interagency Programs Division of Water Resources Department of Natural Resources and Environmental Control
MARYLAND	Honorable S. Anthony McCann Secretary Department of Health and Mental Hygiene	Michelle A. Gourdini, M.D. Deputy Secretary Department of Health and Mental Hygiene
	Honorable Kendl P. Philbrick Secretary Department of the Environment	Mr. Jonas A. Jacobson Esq. Deputy Secretary Department of the Environment

PENNSYLVANIA **Honorable Kathleen A. McGinty**
Secretary
Department of Environmental Protection

David J. Allard
Director
Bureau of Radiation Protection
Department of Environmental Protection

Honorable Allen D. Biehler, P.E.
Secretary
PA Department of Transportation

Gary Hoffman
Deputy Secretary for Highway Administration
PA Department of Transportation

Honorable Dennis J. Yablonsky
Secretary
Dept. of Community & Economic Dev.

Daniel C. Gundersen
Executive Deputy Secretary
Dept. of Community & Economic Development

Honorable Calvin B. Johnson
Secretary
Department of Health

Dr. James N. Logue
Director, Div. of Environmental Health Assessment
Department of Health

WEST VIRGINIA **Honorable Randy C. Curtis**
Director, Radiation, Toxics and Indoor Air
Division
Bureau of Public Health

Dan Hill
Chief, Radiological Health Program
Office of Environmental Health Services
Department of Health and Human Resources

Honorable Stephanie Timmermeyer
Secretary
WV Dept. of Environmental Protection

H. Michael Dorsey
Assistant Director
Division of Waste Management
Department of Environmental Protection

NOTE: Commission alternates in Maryland and Pennsylvania may serve as an alternate to any member from that party state. Alternates from Delaware and West Virginia may only serve as an alternate for his/her designated member.

Duties and Powers of the Commission

The Appalachian States Low-Level Radioactive Waste Compact Act, Pennsylvania Act 1985-120, empowers the Commission to carry out certain duties, the most significant of which are as follows:

- Conduct research and establish regulations to promote reduction in volume and curie content of LLRW generated within the region.
- Ensure that LLRW generated within the region is safely disposed.
- Designate “host states” to establish LLRW disposal facilities as required by the compact.
- Prepare contingency plans for the management and disposal of LLRW if a regional disposal facility is closed or unavailable.
- Examine all records of operators of regional disposal facilities pertaining to operating costs, profits, charges, fees or surcharges and make recommendations to the host state.
- Provide public information concerning LLRW management and disposal needs, technologies and problems.
- Keep current and annual inventories of all generators by name and quantity of LLRW generated within the region. Inventory information shall include volume, curie content, chemical composition and toxicity of such waste.
- Keep an inventory of all regional facilities and specialized facilities in the nation.

- Enter into temporary agreements with non-party states or other regional boards for the emergency disposal of the regional LLRW.
- Publish an annual report detailing its programs, operations and finances.

Activities of the Commission

In July 2004, the Commission's independent auditor, Greenawalt & Company, P.C. conducted an annual audit of the Commission's financial statements for fiscal year 2003-04. The audit did not identify any instances of non-compliance that are required to be reported under Government Auditing Standards.

In September 2004, a representative from the Commission attended the LLW Forum meeting in Buffalo, NY. The LLW Forum was established to facilitate state and compact implementation of the Low-Level Radioactive Waste (LLRW) Policy Amendments Act of 1985 and to promote the objectives of LLRW regional compacts. The LLW Forum provides an opportunity for state and compact officials to share information with one another and to exchange views with officials of federal agencies and other interested parties.

In November, the Commission held its annual meeting. The primary purpose of this meeting was to: (1) Elect the Commission's officers; (2) Review the independent auditors' report of Commission's financial statements for fiscal year 2003-04; (3) Consider a proposed budget for fiscal year 2005-2006; (4) Review and discuss the status of LLRW disposal facilities and recent national developments related to LLRW management and disposal; (5) Review and discuss recent legislative initiatives regarding low-activity waste and LLRW. The following summarizes all actions, decisions and resolutions approved by the Commission at the annual meeting:

- Voted unanimously to elect Kathleen McGinty, Secretary of the Pennsylvania Department of Environmental Protection, as the Chairman and Executive Director, and Kendl Philbrick, Secretary of the Maryland Department of the Environment, as the Vice-Chairman and Secretary-Treasurer of the Commission.
- Approved the minutes for the Oct. 28, 2003, annual meeting.
- Approved a revised budget of \$27,000 for fiscal year 2004-2005 and a proposed budget of \$27,000 for fiscal year 2005-2006.
- Authorized the transfer of money from the Fiscal Stabilization Fund to cover the expenditures and any shortfalls in the interest income.
- Directed the counsel to prepare a summary analysis of the proposed legislation requiring shared liability among member states of interstate compacts (S. 2518).

The Commission also reviewed and discussed the following: The Independent Auditors' report for fiscal year 2003-04; Information on LLRW generation in the compact; Status of commercial LLRW disposal facility and recent developments in other states and compacts; Recent national developments regarding management and disposal of LLRW and low-activity radioactive waste including GAO report, EPA ANPR and NAS Study; Proposed legislation to amend the Atomic Energy Act of 1954 to clarify treatment of accelerator-produced and other radioactive material as byproduct material (S. 2763); An update on Pennsylvania Department of Environmental Protection (PA DEP) solid waste radioactivity monitoring program; and an update on PA DEP Agreement State Status with the Nuclear Regulatory Commission.

In December, the Commission was provided an analysis of the Shared Liability Legislation (S. 2518), which was introduced on June 15, 2004, by U.S. Senator Benjamin Nelson. As drafted, the bill would amend the Omnibus Low-Level Radioactive Waste Interstate Compact Consent Act to provide that states establishing regional LLRW

disposal facilities shall share long-term liability for any damages caused by radioactive releases from such regional facilities.

In March 2005, a representative of the Commission attended the LLW Forum meeting in Salt Lake City, Utah. The meeting included a tour of the Envirocare disposal facility. This facility disposes of the majority of the Appalachian Compact's LLRW.

Waste Disposed by Compact Member States

Waste quantities disposed of by the member states of the Appalachian States Compact in calendar year 2004 are shown in Table 1 and Chart 1 for LLRW volume disposed, and Table 2 and Chart 2 for LLRW activity disposed on pages 7 and 8, respectively. These quantities were obtained from the Department of Energy's Manifest Information Management System (MIMS). The MIMS contains information on LLRW shipments received at the commercial disposal facilities.

Pennsylvania disposed of 55,136 cubic feet of LLRW, most of which was generated by industry and utility generators, followed by government-owned facilities. Maryland disposed of 13,178 cubic feet, most of which was generated by government, utility and industrial facilities. West Virginia and Delaware generated 35 and 49 cubic feet, respectively, mainly from industrial and academic facilities.

Pennsylvania disposed of 18,890 curies of radioactivity, most of which was generated by the utilities. Maryland generated 11,831 curies, also largely from utility facilities. West Virginia and Delaware generated only 0.8 and 0.2 curies, respectively.

It is important to note that the other Appalachian States Compact members disposed of less than 25 percent of the LLRW volume disposed by Pennsylvania. However, in 2004, Maryland disposed 63 percent of the activity that Pennsylvania disposed. The Pennsylvania Act 1985-120, Article 2, states that the Commission is empowered to designate as "host state" any party state that generates 25 percent or more of Pennsylvania's volume or total curie content of the LLRW generated based on a comparison of averages over three successive years, as determined by the Commission. This determination shall be based on the greater of total volume or total curie content. Based on the preceding determination, the Commission has declared that Pennsylvania has thus far been the only designated host state.

Appalachian States Compact LLRW Disposal Trends

The LLRW disposal trends for the Appalachian States Compact are shown in Table 3 and Chart 3 for LLRW volume disposed from 1986 – 2004, and Table 4 and Chart 4 for LLRW activity disposed from 1986 – 2004 on pages 9 and 10, respectively.

The data show that, overall, there is significant reduction in the volumes of LLRW generated in the Appalachian States Compact since 1986, due to volume reduction practices by LLRW generators. The large increase in the volumes of LLRW in 1991 was due to decommissioning waste from an industrial facility in Pennsylvania. The significant increase in the LLRW volume in 2000 and 2001 was also mainly from decommissioning waste. In 2004, disposed waste volume shipped by industrial generators decreased slightly from 2003 and is still significantly lower than the 2001 and 2002 disposal volumes. At present, the majority of decommissioning waste volume from the Appalachian Compact is being disposed of at the Envirocare facility in Clive, Utah.

The significant increase in the radioactivity level of LLRW in 1991 was due to a large amount of non-routine irradiated components from nuclear power facilities. This type of waste also contributed significantly to the increase in the radioactivity of LLRW in 2000 and 2001. Although waste minimization methods and processes have been effective in reducing the volume of LLRW, they have not been as effective in reducing the radioactivity level of the waste.

It should also be mentioned that the MIMS database does not include LLRW disposed at the Envirocare facility prior to 1998. This omission of the historical data would affect waste disposal trend information for volume, but would not have a significant impact on the radioactivity of LLRW disposed. This is because historically about 99 percent of the compact's radioactivity of LLRW has been shipped to the Barnwell disposal site for burial. The MIMS database includes LLRW volume and radioactivity data for the Barnwell disposal site from 1986 through 2004.

TABLE 1

Appalachian Compact 2004 LLRW Disposal Volume by State and Facility Type

Facility Type/State	WV	DE	MD	PA	Total
Academic	31.6	16.2	6.7	55.5	109.9
Government	0	0.6	6,888.1	5,410.1	12,298.8
Industry	3.0	32.0	657.5	27,742.6	28,435.2
Medical	0.2	0	162.7	167.8	330.7
Utility	0	0	5,462.8	21,760.0	27,222.8
Total	34.8	48.8	13,177.8	55,136.0	68,397.4

This data is from the Pennsylvania Department of Environmental Protection and the Manifest Information Management System (MIMS) – U.S. Department of Energy as of June 14, 2005. Volume is in cubic feet.

Chart 1

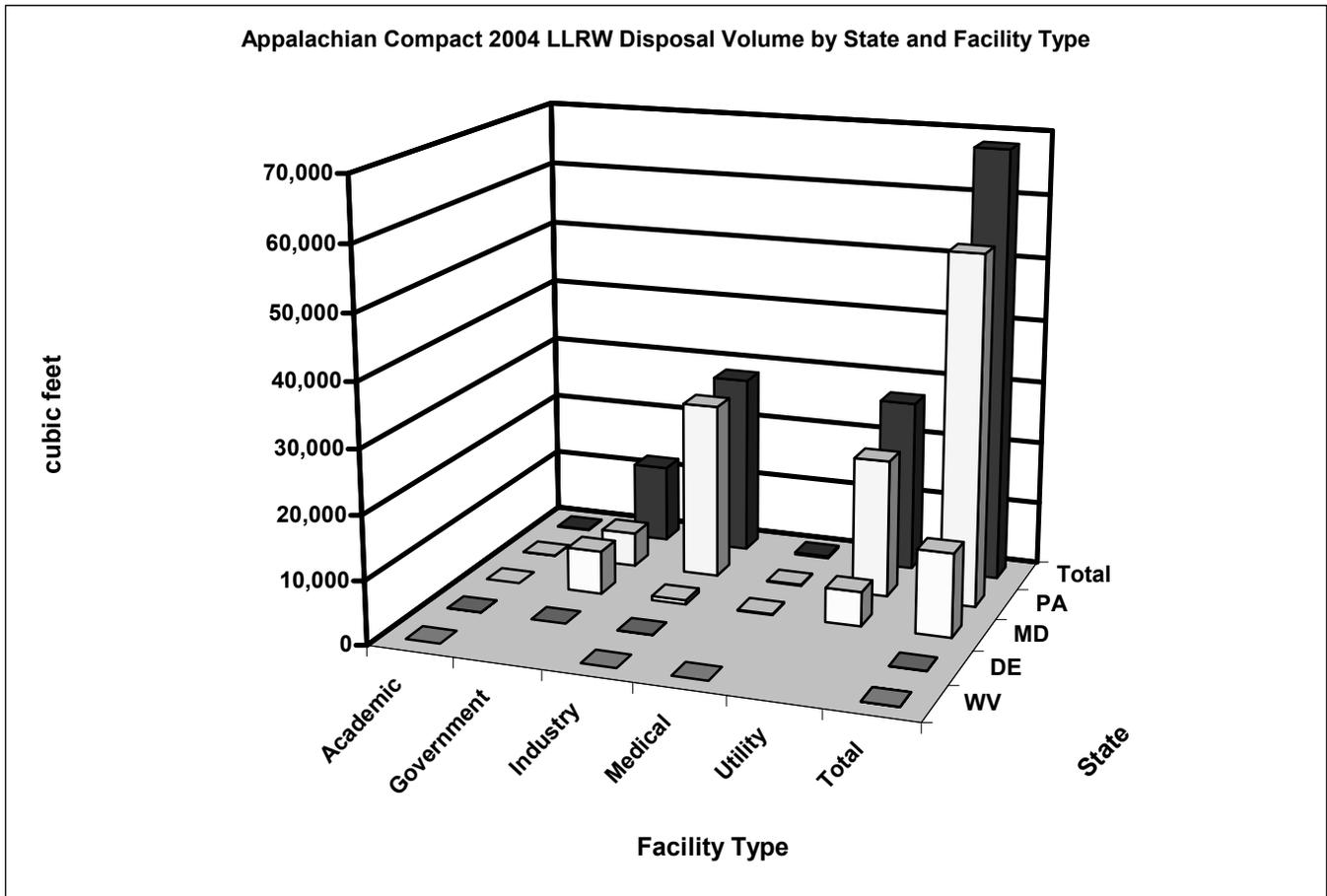


TABLE 2

Appalachian Compact 2004 LLRW Disposal Activity by State and Facility Type

Facility Type/State	WV	DE	MD	PA	Total
Academic	0.07	0.01	1.3	2.6	3.9
Government	0	0.09	707.9	1.8	709.8
Industry	0.50	0.10	2.2	394.3	397.1
Medical	0.19	0	0.2	3.0	3.4
Utility	0	0	11,119.3	18,488.6	29,607.9
Total	0.76	0.20	11,830.7	18,890.3	30,722.0

This data is from the Pennsylvania Department of Environmental Protection and the Manifest Information Management System (MIMS) – U.S. Department of Energy as of June 14, 2005. Activity is in curies.

Chart 2

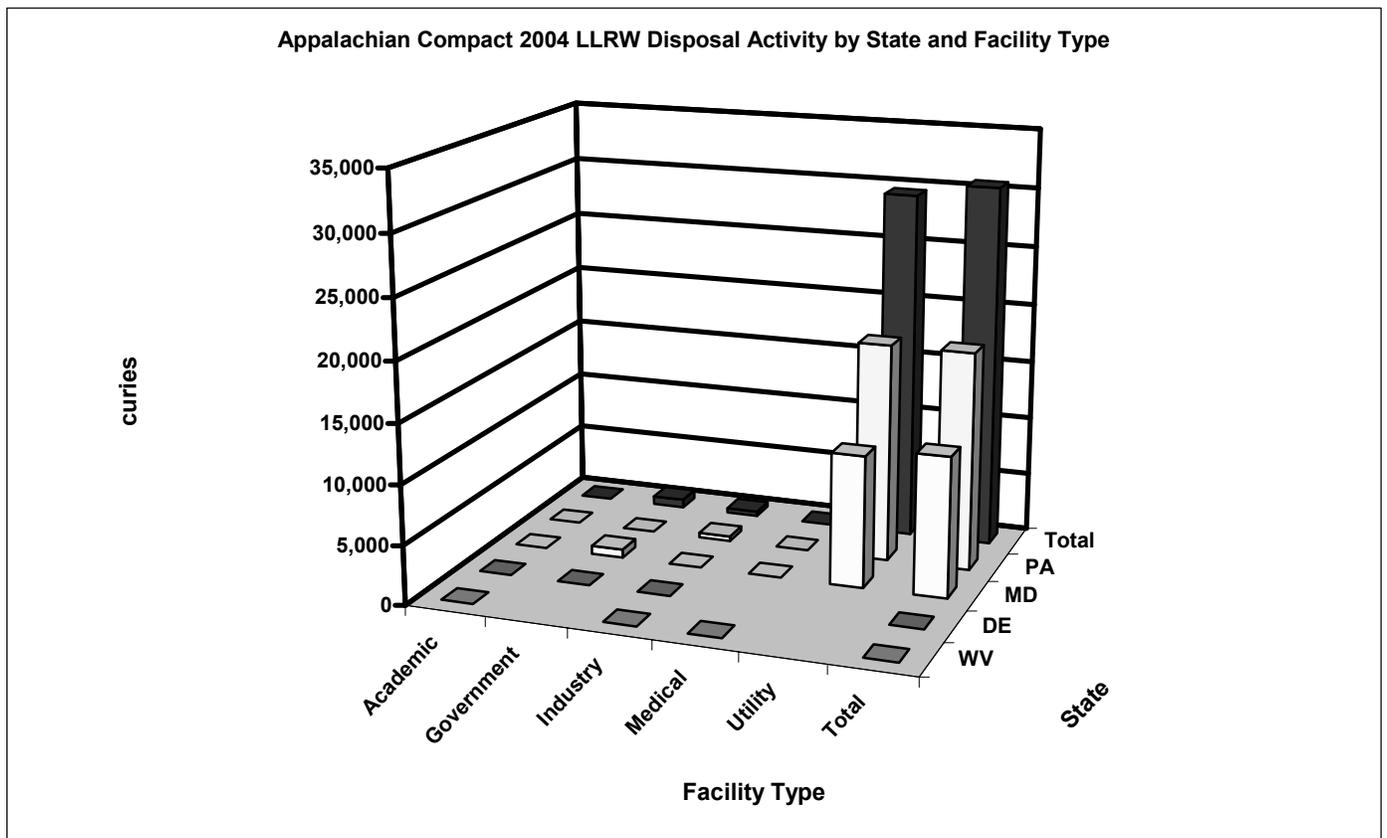


Table 3
Appalachian Compact LLRW Disposal Volume from 1986 to 2004

Year	West Virginia	Delaware	Maryland	Pennsylvania	Compact Total
1986	189.8	1,473.4	19,425.0	191,073.4	212,161.5
1987	112.1	1,560.1	26,549.3	166,139.8	194,361.3
1988	148.2	1,420.2	30,603.7	150,297.8	182,469.8
1989	411.1	1,376.4	39,995.7	129,484.7	171,267.9
1990	95.2	843.8	17,037.9	101,604.1	119,581.1
1991	368.2	775.5	19,224.3	224,563.6	244,931.6
1992	192.2	986.5	17,673.6	93,189.4	112,041.6
1993	26.8	479.8	11,358.8	48,439.3	60,304.7
1994	81.8	374.8	8,421.1	51,441.6	60,319.3
1995	4.2	57.8	4,428.7	35,199.6	39,690.3
1996	34.8	127.2	3,391.1	24,203.1	27,756.1
1997	1.8	23.9	3,096.5	14,486.2	17,608.4
1998	48.0	173.8	7,604.6	42,686.0	50,512.4
1999	158.7	80.6	8,406.8	143,043.7	151,689.8
2000	53.4	27.6	9,766.8	421,398.1	431,246.0
2001	44.1	76.2	10,759.9	534,429.4	545,309.6
2002	183.3	366.4	6,752.8	55,371.4	62,673.8
2003	151.8	73.5	3,703.1	74,901.0	78,829.4
2004	34.8	48.8	13,177.8	55,136.0	68,397.4
Total 1986 to 2004	2,153.6	10,224.0	244,496.4	2,427,051.2	Grand total 2,831,151.9

This data is from the Pennsylvania Department of Environmental Protection and the Manifest Information Management System (MIMS) – U.S. Department of Energy as of June 14, 2005. Volume is in cubic feet.

Chart 3

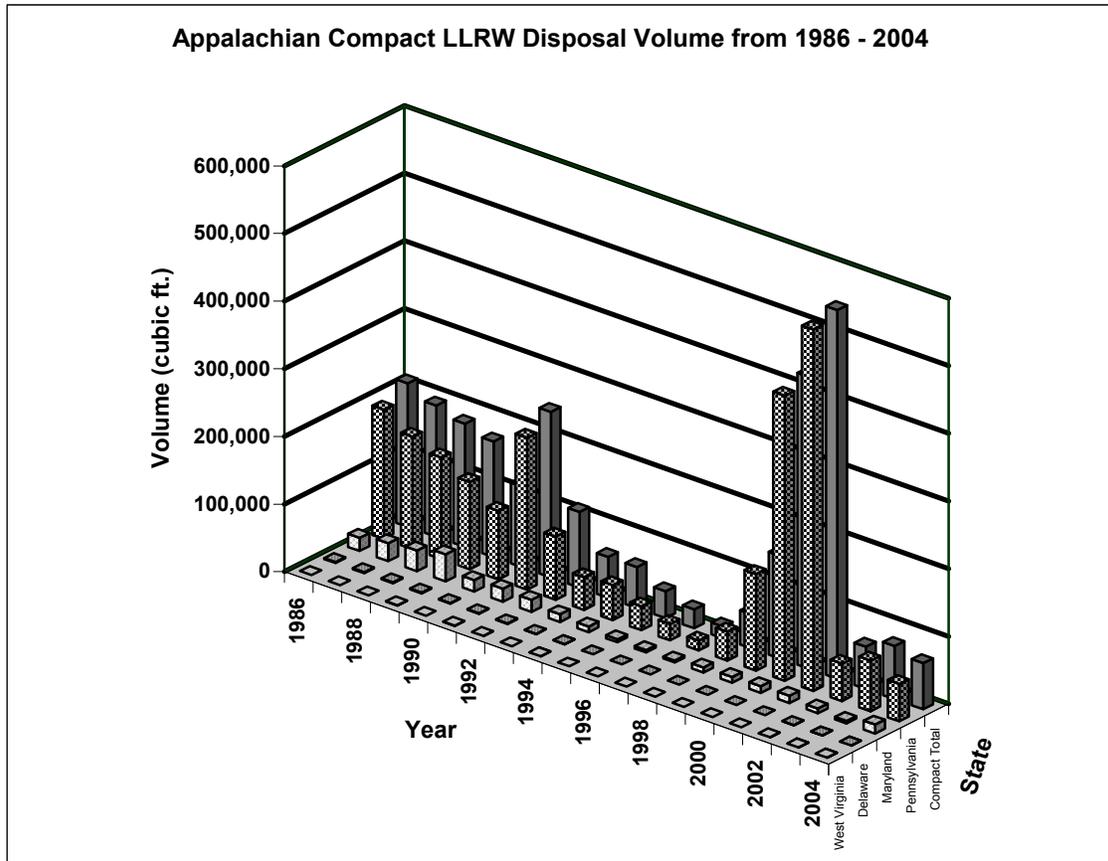
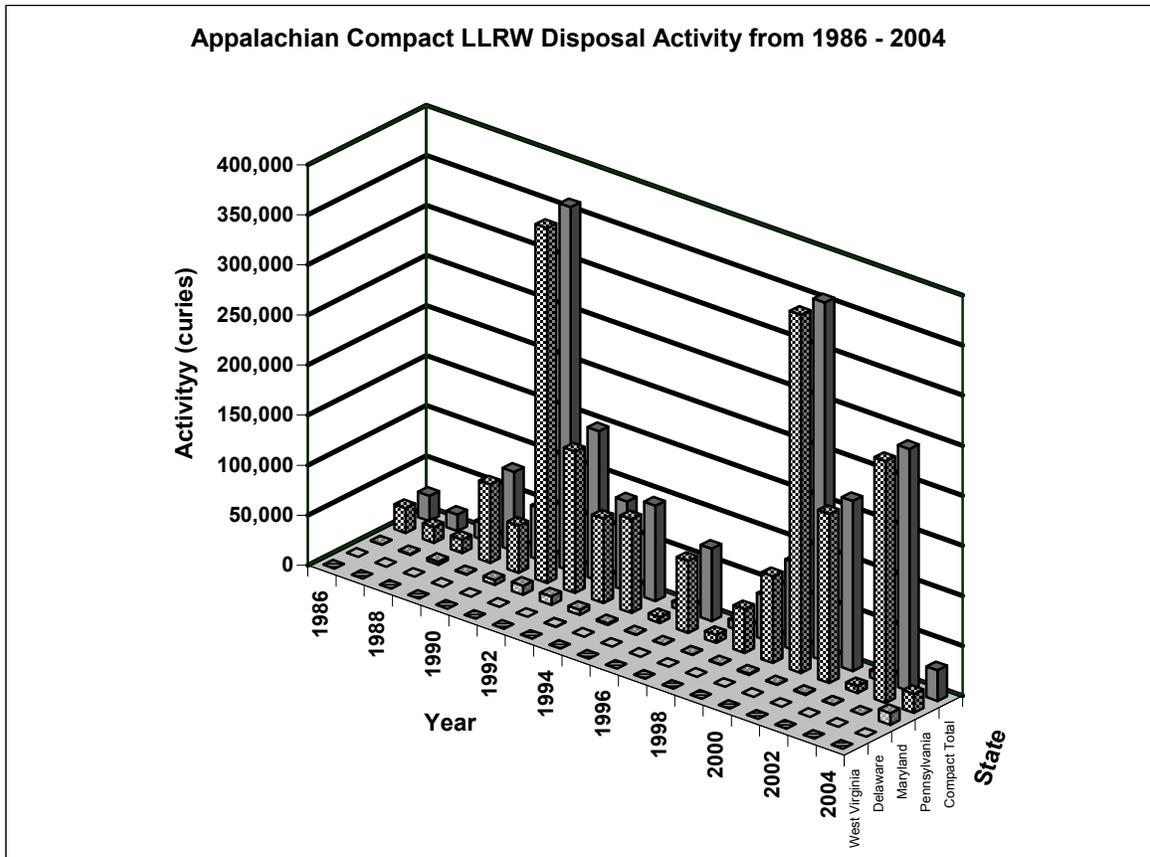


Table 4
Appalachian Compact LLRW Disposal Activity from 1986 to 2004

Year	West Virginia	Delaware	Maryland	Pennsylvania	Compact Total
1986	12.9	4.1	492.2	24,737.5	25,246.6
1987	0.0	0.9	688.4	15,672.9	16,362.2
1988	3.2	1.8	3,009.7	13,310.9	16,325.7
1989	23.5	2.0	648.3	78,347.8	79,021.6
1990	0.2	0.4	4,725.1	47,305.7	52,031.3
1991	15.5	0.6	8,969.0	354,340.7	363,325.8
1992	30.7	0.9	8,419.9	141,251.8	149,703.3
1993	5.5	45.1	5,019.4	84,346.7	89,416.7
1994	0.5	69.3	1,439.7	93,729.6	95,239.0
1995	4.6	0.0	346.2	5,691.9	6,042.7
1996	0.1	5.6	349.1	71,900.5	72,255.4
1997	0.0	1.3	198.5	8,017.9	8,217.7
1998	37.3	0.1	531.5	43,691.0	44,259.9
1999	0.5	0.1	1,335.7	86,618.0	87,954.3
2000	2.2	0.0	484.0	357,624.4	358,110.7
2001	0.0	0.0	903.3	168,919.6	169,822.9
2002	0.1	0.5	244.5	6,777.4	7,022.5
2003	0.2	24.7	166.3	241,649.8	241,840.9
2004	0.8	0.2	11,830.7	18,890.3	30,722.0
Total 1986 to 2004	136.9	132.9	37,804.3	1,602,284.1	Grand total 1,912,921.1

This data is from the Pennsylvania Department of Environmental Protection and the Manifest Information Management System (MIMS) – U.S. Department of Energy as of June 14, 2005. Activity is in curies.

Chart 4



Status of Regional Disposal Facility Siting Project

In August 1990, DEP signed a contract with Chem-Nuclear Systems, Inc. (CNSI), which later changed its name to Chem-Nuclear Systems, LLC (CNS), to site, design, construct, operate and eventually decommission the regional LLRW disposal facility. Under the contract, CNS would identify three potentially suitable sites in Pennsylvania. The Pennsylvania Environmental Quality Board would review the administrative record describing the three sites to ensure that the sites meet all regulatory requirements. Detailed on-site studies would be conducted by CNS at each of the three potentially suitable sites. CNS would submit a license application for the best site to DEP. The secretary of DEP would make the final decision on the site selection.

Pennsylvania is committed to protecting the health and safety of its citizens, and its LLRW disposal facility would be designed and operated to protect the general public, facility workers and future generations by isolating the LLRW. It promulgated some of the most stringent regulations governing the management and disposal of LLRW in the nation. Pennsylvania regulations would also prevent problems experienced at other LLRW disposal sites. The following features would be included in site selection and facility design:

- The selected site for the facility would be free of disqualifying features such as areas containing floodplains, mines, limestone, gas, oil, sources of drinking water and agricultural security areas.
- The facility would be designed with a series of engineered barriers or layers of protection to prevent water from coming in contact with the waste and thus prevent the radionuclides from escaping the facility.
- The facility would accept only dry, solid LLRW in sturdy containers. These containers would be placed in thick concrete overpacks that act as the first barrier.
- Filled overpacks would then be placed inside large, thick-walled, reinforced, concrete structures called disposal units, which provide the second barrier.
- The third barrier would be a multi-layered, engineered cover constructed over the disposal unit. It would be gently sloped to divert water away from the disposal units.
- A comprehensive monitoring system would be installed at and beyond the facility boundaries to detect leakage or escape of radioactive material from the disposal units.

DEP approved CNS's Phase I Siting Plan in August 1991. The siting plan described the process to identify three of the best potentially suitable sites for the facility. The first of a three-stage process of applying disqualification criteria to land areas in Pennsylvania was completed in November 1991. Approximately 23 percent of the state was disqualified. A series of 14 public meetings was held at seven locations across Pennsylvania during November and December 1991 to present the results of the stage one screening process, answer questions from the public and solicit their comments concerning the siting process.

In January 1993, CNS issued its Stage Two Regional Disqualification Map. This map eliminated approximately 46 percent of Pennsylvania from further consideration as a potential site. During stage two, CNS applied nine new disqualifying features including active faults, lands protected by the Wild and Scenic Rivers Program, designated natural and wild areas, oil and gas well fields, various types of mines and county parks. In addition, CNS reviewed and updated disqualifying information that had been first applied during stage one. CNS held 16 public meetings plus numerous other meetings between February and May 1993 to present the data and solicit comments from the public.

DEP also issued its rebuttable presumption regulations, which state that the regional facility operator is liable and responsible for all damages and radioactive contamination within three miles of the boundary of the regional facility unless it can prove the facility is not responsible for the damage and radioactive contamination. It also began development of permitting regulations, which all generators would have to comply with before being allowed to use the disposal facility.

CNS released its Stage Three Disqualification Map in May 1994. At this stage, CNS disqualified additional land using 18 new disqualifying features such as public water supplies, river floodplains, active faults, important wetlands, municipal parks and agricultural security areas. At stage three, about 78 percent of the land area in Pennsylvania had been disqualified.

DEP approved CNS's Evaluation Screening Manual in August 1994. This manual was to be used to conduct a more subjective evaluation of the remaining 22 percent of the eligible land leading to the selection of the three potentially suitable sites in the Commonwealth.

At the request of the Pennsylvania House of Representatives, the Legislative Budget and Finance Committee conducted an audit of the siting project to determine how funds for the project had been spent. The report, entitled *Status Report on Siting a Regional Low-Level Radioactive Waste Disposal Facility in Pennsylvania*, provided an excellent summary of the work completed through May 1995. It also explained how funds were spent and why the project was behind schedule and over budget.

In July 1995, DEP announced that it would pursue a different approach for siting the regional LLRW disposal facility. It decided that the best way to allay the fears that many people had about the LLRW disposal facility was to let them decide for themselves what risk was acceptable. A community partnering plan was therefore announced to allow the municipalities to study the risks and benefits associated with the disposal facility. After weighing the risks and benefits, municipalities in non-disqualified or eligible areas could volunteer to host the disposal facility. DEP emphasized that a volunteer site would have to meet the same stringent criteria for protecting people and the environment as a site chosen through the screening process.

In August 1995, CNS and DEP met with experts on voluntary siting and community partnering and drafted the community partnering principles. Comments on the principles were obtained from the CNS and DEP advisory committees and leaders of business, labor, environmental, sportsmen, agricultural, professional, religious, civic and medical groups. Based on these comments and recommendations, CNS revised the principles and wrote a draft plan for comments from elected officials, local leaders and other interested citizens. At DEP's request, CNS also conducted eight workshops across the Commonwealth to seek additional comments and recommendations to improve the draft plan. CNS received more than 1,600 comments and suggestions, most of which were incorporated into the final community partnering plan. The community partnering plan was unveiled March 1, 1996.

DEP and CNS conducted nine open houses across the Commonwealth during May 1996 to explain the new community partnering plan and to provide information on the LLRW disposal facility. Detailed maps of the eligible areas provided local residents with specific information about their communities. Representatives from DEP, CNS, Appalachian States LLRW Commission, Pennsylvania State Association of Township Supervisors (PSATS), Penn State's Public Education on Low-Level Radiation, and Appalachian Compact Users of Radioactive Isotopes (ACURI) were available to answer questions and provide more information.

The community partnering plan required CNS to meet with individuals and groups representing townships, counties, economic development planners, sportsmen and various LLRW generators. These efforts were directed towards encouraging municipalities to consider the benefits and risks associated with the LLRW disposal facility. Between March 1996 and May 1998, CNS staff traveled over 93,000 miles statewide to participate in more than 340 outreach meetings involving more than 3,200 individuals. While interest was expressed in several areas of the state, no community formally notified CNS of its interest in becoming a volunteer.

In December 1998, DEP officially suspended the LLRW disposal facility siting project. The reasons for suspending the siting process included the dramatic reduction in the amount of LLRW being generated in the Appalachian Compact and the current availability of out-of-state disposal capacity. Other states and compacts have taken similar actions for the same reasons. Although the siting process has been suspended, the Commission has established a restart fund of \$200,000 for the purpose of reestablishing the Commission's office and staff should the need arise to restart the siting process.

**APPALACHIAN STATES LOW-LEVEL
RADIOACTIVE WASTE COMMISSION
INDEPENDENT AUDITORS' REPORT**

FOR

FISCAL YEAR 2004- 2005

TABLE OF CONTENTS

	<u>Page Number</u>
Independent auditors' report	AR - 1 to AR - 2
Management's discussion and analysis	MDA - 1 to MDA - 2
Statement of net assets	FS - 1
Statement of activities	FS - 2
Statement of revenue, expenditures and changes in fund balances - governmental funds	FS - 3 to FS - 4
Notes to financial statements	FS - 5 to FS - 6
Statement of revenue and expenditures - actual and budget - operating fund	RSI - 1

**APPALACHIAN STATES LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

GREENAWALT & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JAMES E. LYONS
HOWARD R. GREENAWALT
CREEDON R. HOFFMAN
JOHN H. KLINGLER
DEBORAH J. KELLY

400 WEST MAIN STREET
MECHANICSBURG, PENNSYLVANIA 17055
(717) 766-4763
FAX (717) 766-2731

62 WEST POMFRET STREET
CARLISLE, PA 17013
(717) 243-4822
FAX (717) 258-9372

R. A. GREENAWALT (1956-1983)
A. A. REIDINGER (RETIRED)
C. EDWARD ROGERS, JR.

INDEPENDENT AUDITORS' REPORT

Commission Members
Appalachian States Low-Level
Radioactive Waste Commission
Harrisburg, Pennsylvania

We have audited the accompanying financial statements of Appalachian States Low-Level Radioactive Waste Commission as of and for the years ended June 30, 2005 and 2004, as listed in the table of contents. 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 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 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 audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Appalachian States Low-Level Radioactive Waste Commission as of June 30, 2005 and 2004 and the results of its activities for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a separate report dated July 22, 2005 on our consideration of Appalachian States Low-Level Radioactive Waste Commission's compliance and internal control over financial reporting. 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 considering the results of our audit.

AR - 1

Commission Members
Appalachian States Low-Level
Radioactive Waste Commission
Page two

Management's discussion and analysis on pages MDA - 1 through MDA - 2 and budgetary comparison information on page RSI - 1 are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Greenawalt & Company, P.C.
GREENAWALT & COMPANY, P.C.

July 22, 2005

Mechanicsburg, Pennsylvania

**APPALACHIAN STATES LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005

The General Assembly of the Commonwealth of Pennsylvania created the Appalachian States Low-Level Radioactive Waste Commission (Commission) by enacting the Appalachian States Low-Level Radioactive Waste Compact Act, Act 1985-120. Under the authority of this act, the states of Delaware, Maryland, West Virginia and the Commonwealth of Pennsylvania formed a compact to provide for the regional management and disposal of Low Level Radioactive Waste (LLRW). Congress consented to the Appalachian States Low-Level Radioactive Waste Compact in 1988.

The Commission consists of ten members: four members from Pennsylvania and two members from each of the other party states of Maryland, Delaware and West Virginia. The Commission members are appointed according to the laws of each party state. Each party state determined the length of term for which its Members and Alternates are appointed.

The Commission provides for representation of the compact party states throughout the siting process and LLRW disposal facility development and operations. Pennsylvania has been designated as the initial host state for the regional LLRW disposal facility because it generates the largest amount of LLRW in the compact.

In December of 1998, the Pennsylvania Department of Environmental Protection (DEP) suspended the LLRW siting process due to the current availability of out-of-state LLRW disposal facilities and the diminished volume of LLRW that would have been disposed of at the regional LLRW disposal facility in Pennsylvania. As a result, the Commission amended certain provisions of its bylaws to facilitate its continued operations without a business office and transferred the duties and responsibilities of the executive director to the chairman of the Commission, the Secretary of DEP. The Vice Chairman, the Secretary of the Maryland Department of Environment, act as secretary and treasurer of the Commission.

The Commission continues to incur certain expenditures, which are included in the Commission's budget. The budget is reviewed and approved by the Commission at its annual meetings. The Commission's annual expenditures presently exceed its annual interest income from the Operating Fund. The Operating Fund accounts for the general operations of the Commission and is managed by the Pennsylvania Department of Treasury's INVEST Program. At the current level of expenditures, the Operating Fund would be adequate to provide for continued funding of the Commission's expenditures for a relatively long period of time. As of June 30, 2005, the Operating Fund had a balance of approximately \$ 405,000 and earned an interest amount of approximately \$ 8,000 during fiscal year 2004-05. The Commission's actual expenditures for this period were approximately \$ 24,000.

**APPALACHIAN STATES LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005

The Commission's annual budget is not expected to vary significantly in the foreseeable future. However, the interest income from the INVEST Program may vary due to economic conditions. For example, the interest income from the Commission's Operating Fund increased by approximately \$ 4,000 from fiscal year 2003-04.

Article II of Act 1985-120 allows the Commission to collect fees from the four compact party states for the purpose of continuing its duties and responsibilities. The Act requires that the payments by the party states be made directly to the Commission in quarterly installments during the fiscal year. In 1998, the Commission decided to suspend the collection of the fees due to the suspension of the LLRW siting process and the subsequent closure of its business office. However, this option continues to be available to the Commission should the need arise.

The Commission has appropriated a portion of its Operating Fund's fund balance in the amount of \$ 200,000 in order to re-establish its business office expeditiously in the event the project would restart. It is unlikely that a restart of the siting process would occur in the foreseeable future as LLRW generators in the Appalachian Compact continue to have access to out-of-state disposal facilities. If the circumstances change, the Commission in conjunction with the host state of Pennsylvania may need to consider options for providing LLRW generators with access to a disposal facility. Those options may include, but are not limited to, restarting the siting process or providing for LLRW disposal capacity through contractual arrangements with other sites, states, or compacts.

The Commission is not presently involved in any litigation that would have a material adverse effect on the financial position of the Commission. Also, the Commission is tax exempt under the Internal Revenue Code and, accordingly, there is no provision for income taxes in the Commissions' financial statements.

As required by Article II of Act 1985-120 and Article VIII of the Commission Bylaws, the Commission prepares and publishes an annual report. The report summarizes the activities of the Commission during the preceding fiscal year, and includes the Independent Auditors' Report of the Commission's financial statements.

**APPALACHIAN STATES LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**
STATEMENT OF NET ASSETS
JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash	\$ 38,584	\$ 24,850
Investments	<u>960,236</u>	<u>977,669</u>
Total assets	<u>\$ 998,820</u>	<u>\$ 1,002,519</u>
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Net assets		
Unappropriated	38,584	24,850
Appropriated	366,203	395,593
Restricted	<u>594,033</u>	<u>582,076</u>
Total net assets	<u>998,820</u>	<u>1,002,519</u>
Total liabilities and net assets	<u>\$ 998,820</u>	<u>\$ 1,002,519</u>

The accompanying notes are an integral part of these financial statements.

**APPALACHIAN STATES LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**
STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Direct expenses		
Legal services	\$ 10,000	\$ 10,000
Membership fee	7,500	7,500
Meeting expenses	1,344	1,873
Audit	1,785	1,700
Travel	2,015	1,474
Bank fees	330	194
Insurance	200	200
Advertising	727	1,118
	<u>23,901</u>	<u>24,059</u>
Revenue - Investment earnings	<u>20,202</u>	<u>9,909</u>
Change in net assets	(3,699)	(14,150)
Net assets - beginning of the year	<u>1,002,519</u>	<u>1,016,669</u>
Net assets - end of the year	<u>\$ 998,820</u>	<u>\$ 1,002,519</u>

The accompanying notes are an integral part of these financial statements.

**APPALACHIAN STATES LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	<u>Operating Fund</u>	<u>Surcharge Fund</u>	<u>Total</u>
Revenue - Interest	\$ 8,245	\$ 11,957	\$ 20,202
Expenditures			
Legal services	10,000	-	10,000
Membership fee	7,500	-	7,500
Meeting expenses	1,344	-	1,344
Audit	1,785	-	1,785
Travel	2,015	-	2,015
Bank fees	330	-	330
Advertising	727	-	727
Insurance	200	-	200
	<u>23,901</u>	<u>-</u>	<u>23,901</u>
Excess (deficiency) of revenues over expenditures	(15,656)	11,957	(3,699)
Fund balance - beginning of the year	<u>420,443</u>	<u>582,076</u>	<u>1,002,519</u>
Fund balance - ending of the year	<u>\$ 404,787</u>	<u>\$ 594,033</u>	<u>\$ 998,820</u>

The accompanying notes are an integral part of these financial statements.

**APPALACHIAN STATES LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	Operating Fund	Surcharge Fund	Total
Revenue - Interest	\$ 4,211	\$ 5,698	\$ 9,909
Expenditures			
Legal services	10,000	-	10,000
Membership fee	7,500	-	7,500
Meeting expenses	1,873	-	1,873
Audit	1,700	-	1,700
Travel	1,474	-	1,474
Bank fees	194	-	194
Advertising	1,118	-	1,118
Insurance	200	-	200
	<u>24,059</u>	<u>-</u>	<u>24,059</u>
Excess (deficiency) of revenues over expenditures	(19,848)	5,698	(14,150)
Fund balance - beginning of the year	<u>440,291</u>	<u>576,378</u>	<u>1,016,669</u>
Fund balance - ending of the year	<u>\$ 420,443</u>	<u>\$ 582,076</u>	<u>\$ 1,002,519</u>

The accompanying notes are an integral part of these financial statements.

**APPALACHIAN STATES LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005 AND 2004

REPORTING ENTITY

The Appalachian States Low-Level Radioactive Waste Commission was established to meet state responsibilities outlined in the federal Low-Level Radioactive Waste Policy Act of 1980 (P.L. 96-573) and the Low-Level Radioactive Waste Policy Amendments Act of 1985 (P.L. 99-240).

The reporting entity consists of all funds over which the Commission exercises oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters and scope of public service. The Commission is not a component unit of any of the Party States and is not included in any of the Party State's financial statements. Additionally, no other component units exist.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The accounts of the Commission are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenses. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Commission has the following funds:

Operating Fund - This fund accounts for the general operations of the Commission.

Surcharge Fund - This fund accounts for the surcharge payments received by the Commission.

Basis of presentation

Government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the Commission.

The statement of activities demonstrates the degree to which the direct expenses are offset by revenues.

Fund financial statements are also presented to show revenues and expenditures of each fund.

Surcharge payments

Surcharge payments came from a disposal surcharge levied by the Federal government on generators of low-level waste. This surcharge was mandated by the 1985 Low-Level Radioactive Waste Policy Amendments Act. The surcharge was to serve as an incentive to regions and states to meet federally set milestones in the development of their own disposal facilities.

**APPALACHIAN STATES LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
JUNE 30, 2005 AND 2004

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Income tax

The Commission is exempt under the Internal Revenue Code and, accordingly, there is no provision for income taxes in the accompanying financial statements.

CASH AND INVESTMENTS

Cash and investments at June 30, 2005 are categorized as follows:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 38,584	\$ 38,584
Pooled funds (PA Treasurer's Investment Program for Local Governments)	<u>960,236</u>	<u>960,236</u>
	<u>\$ 998,820</u>	<u>\$ 998,820</u>

APPROPRIATED NET ASSETS

The Commission has appropriated a portion of June 30 net assets as follows:

	<u>2005</u>	<u>2004</u>
Legal	\$ 10,000	\$ 10,000
Fiscal stabilization	156,203	185,593
Restart	<u>200,000</u>	<u>200,000</u>
	<u>\$ 366,203</u>	<u>\$ 395,593</u>

LEGAL SERVICES

Legal services are primarily to assist the Commission in fulfilling its activity as disclosed in the Reporting Entity Note. In the opinion of management, the Commission is not involved in any litigation that would have a material adverse effect on the financial position of the Commission.

**APPALACHIAN STATES LOW-LEVEL
RADIOACTIVE WASTE COMMISSION**
STATEMENT OF REVENUE AND EXPENDITURES -
ACTUAL AND BUDGET - OPERATING FUND
YEAR ENDED JUNE 30, 2005

	Actual	Original Budget	Variance Over (under) Budget
Revenue			
Interest	\$ 8,245	\$ 5,000	\$ 3,245
Expenditures			
Legal services	10,000	10,000	-
Membership fee	7,500	7,500	-
Meeting expenses	1,344	2,000	(656)
Audit	1,785	2,000	(215)
Travel	2,015	3,500	(1,485)
Bank fees	330	300	30
Insurance	200	200	-
Advertising	727	1,500	(773)
	23,901	27,000	(3,099)
Excess (deficiency) of revenues over expenditures	\$ (15,656)	\$ (22,000)	\$ 6,344

The accompanying notes are an integral part of these financial statements.

For more information,
visit DEP's Web site at www.depweb.state.pa.us,
Keyword: "Radiation Protection."

or

Contact the Bureau of Radiation Protection at: 717-787-2480

2930-BK-DEP4058 3/2006

An Equal Opportunity Employer