

Rocky Mountain Low-Level Radioactive Waste Board

Member States: Colorado, Nevada, and New Mexico

Leonard C. Slosky • Executive Director

MEMORANDUM

TO: Rocky Mountain Low-Level Radioactive Waste Board

FROM: Leonard C. Slosky, Executive Director

RE: Analysis of Potential Compact Surcharge Change

DATE: October 18, 2023

Introduction

Article V. of the Compact states “The Board shall impose a ‘compact surcharge’ per unit of waste received at any regional facility. The surcharge shall be adequate to pay the costs and expenses of the board. . . .”. However, since the regional facility in Nevada closed at the end of 1992 there have been only a very few years that the Compact Surcharge has generated enough revenue to fund the Board’s modest budget.

In March 2023, the Board increased the Compact Surcharge on out-of-region waste from \$5.00 to \$10.00 per ton because of substantial budget deficits in eight of the last ten years. The reoccurring budget deficits have resulted in a large erosion of the Board’s capital accumulated by 1992. At the average historic 10-year burn rate, the Board will exhaust its funds in 2030. If the 2021 burn rate continues, funds will be exhausted in 2026. Based on waste receipts over recent years, the March 2023 Compact Surcharge increase was projected to generate approximately \$10,000 in additional annual revenue. The average annual deficit has been approximately \$100,000 per year.

Clean Harbors Proposal

On August 25, 2023, Clean Harbors petitioned the Board to reduce the Compact Surcharge on out-of-region waste back to \$5.00. The Board held a Regular Meeting on September 25, 2023, to consider Clean Harbors’ request. At that meeting, Clean Harbors provided a presentation followed by questions and discussion by the Board. That meeting concluded with the Board taking the matter under advisement.

The presentation by Clean Harbors stated that “The Cove Project is expected to generate 65,000 – 125,000 tons of waste under contract at the Deer Trail Facility through 2025.”

It is my understanding that Clean Harbors assumed a Compact Surcharge of \$5.25/ton in preparing their bid for Cove Project.

The following table shows the revenue to the Board based on the range of potential waste receipts and alternative Compact Surcharge levels. As a point of comparison, the Board’s budget for FY 2023-2024 is \$299,163 (not including the contingency).

ALTERNATIVE COMPACT SURCHARGE REVENUE SCENARIOS			
	Waste Receipts (tons)	65,000	125,000
Out-Of-Region Compact Surcharge (\$/ton)			
5.00		\$325,000	\$625,000
5.25		\$341,250	\$656,250
10.00		\$650,000	\$1,250,000

Analysis

The following analysis assumes that the Board’s budget remains constant over the ten-year analysis period. While Clean Harbor hopes to receive future contracts for similar waste (and may be well positioned to do so), any waste volumes beyond the Cove Project are speculative. However, if Clean Harbors continues to dispose of large waste volumes which generates more funding than the Board needs, the Compact Surcharge can be reduced by the Board in the future.

If the Compact Surcharge remains at \$10.00 per ton and 65,00 tons are received, the Board’s budget would be fully funded for a little more than two years, and the average deficit would be covered for 6.5 years.

If the Compact Surcharge remains at \$10.00 per ton and 125,000 tons are received, the Board’s budget would be fully funded for a little more than 4 years, and the average deficit would be covered for 10 years.

If the Compact Surcharge is reduced to \$5.25 per ton and 65,00 tons are received, the Board’s budget would be fully funded for a little more than one year and the average deficit would be covered for 3.4 years.

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If the Compact Surcharge is reduced to \$5.25 ton and 125,000 tons are received, the Board's budget would be fully funded for a little more than two years, and the average deficit would be covered for 6.6 years.

If the Compact Surcharge is reduced to \$5.00 per ton and 65,000 tons are received, the Board's budget would be fully funded for a little more than one year and the average deficit would be covered for a little more than three years.

If the Compact Surcharge is reduced to \$5.00 ton and 125,000 tons are received, the Board's budget would be fully funded for a little more than two years, and the average deficit would be covered for a little more than six years.

Clean Harbors submitted a proposal for the Cove Project in April 2022. However, when the Board met virtually on March 28, 2023, to consider increasing the Compact Surcharge, Clean Harbors did not advise the Board of their pending proposal. In fact, I do not have a record of Clean Harbors even attending the March 28, 2023 Board meeting.

It is also important to note that the export application fees paid by the waste generators in the member states were approximately doubled by the Board at the March 28, 2023 meeting.

Recommendation

I recommend that no significant reduction be made in the out-of-region Compact Surcharge so that the statutory objective of the Compact Surcharge fully funding the Board be achieved for two to four years.