



U.S. DEPARTMENT OF ENERGY

Office of Inspector General

DOE-OIG-26-02

November 14, 2025

The Department of Energy Nuclear Waste Fund's Fiscal Year 2025 Financial Statement Audit



AUDIT REPORT



Department of Energy
Washington, DC 20585

November 14, 2025

MEMORANDUM FOR THE DEPUTY ASSISTANT SECRETARY FOR SPENT FUEL AND
HIGH LEVEL WASTE DISPOSITION, OFFICE OF NUCLEAR
ENERGY; AND THE ACTING DIRECTOR, OFFICE OF
STANDARD CONTRACT MANAGEMENT

SUBJECT: Audit Report: *The Department of Energy Nuclear Waste Fund's Fiscal Year 2025
Financial Statement Audit*

The Office of Inspector General contracted with the independent public accounting firm KPMG LLP (KPMG) to conduct the audit, subject to our review. KPMG is responsible for expressing an opinion on the Nuclear Waste Fund's (NWF) financial statements and reporting on applicable internal controls and compliance with laws and regulations. The Office of Inspector General monitored audit progress and reviewed the audit report and related documentation. This review disclosed no instances where KPMG did not comply, in all material respects, with generally accepted government auditing standards.

KPMG concluded that the financial statements present fairly, in all material respects, the financial position of the NWF as of September 30, 2025, and its net cost, changes in net position, and budgetary resources for the year then ended, in accordance with U.S. generally accepted accounting principles. In addition, auditors also considered the NWF's internal control over financial reporting and tested for compliance with certain provisions of laws, regulations, contracts, and grant agreements that could have a direct and material effect on the financial statements. The audit identified certain deficiencies in internal control that KPMG considered to be a significant deficiency. In particular, during its testing of the NWF's various financial systems, KPMG identified access control deficiencies associated with controls over provisioning of new or modified user access, recertification of existing user access, and terminating of user access and controls over providing least privileged access and segregation of duties.

The results of the auditors' review disclosed no instances of noncompliance or other matters required to be reported under Government Auditing Standards or applicable Office of Management and Budget guidance. In addition, there were no formal recommendations for this audit; therefore, an additional response was not required.

KPMG is responsible for the attached audit report dated November 10, 2025, and the conclusions expressed therein. The Office of Inspector General did not express an independent opinion on the NWF's financial statements.

We appreciated the cooperation of your staff during the audit.



Carlos L. Diaz
Deputy Assistant Inspector General
for Audits
Office of Inspector General

cc: Deputy Secretary
Chief of Staff
Chief Financial Officer
Deputy Chief Financial Officer

DOE OIG HIGHLIGHTS

The Department of Energy Nuclear Waste Fund's Fiscal Year 2025 Financial Statement Audit

November 14, 2025

Why The Audit Was Performed

This audit was performed by the independent public accounting firm KPMG LLP (KPMG) on behalf of the Department of Energy Office of Inspector General. KPMG audited the balance sheet of the Department Nuclear Waste Fund (NWF), as of September 30, 2025, and the related statements of net cost, changes in net position, and budgetary resources for the year then ended.

The audit's objective was to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that included an opinion.

KPMG performed the audit in accordance with generally accepted government auditing standards.

What the Audit Found

KPMG concluded that the financial statements present fairly, in all material respects, the financial position of the NWF as of September 30, 2025, and its net costs, changes in net position, and budgetary resources for the year ended, in accordance with U.S. generally accepted accounting principles.

As part of its review, KPMG also considered the NWF's internal control over financial reporting and tested for compliance with certain provisions of laws, regulations, contracts, and grant agreements that could have a direct material effect on the financial statements. The review identified certain deficiencies in internal control that KPMG considered to be a significant deficiency as it related to internal controls over information technology systems. During testing of the NWF's various financial systems, KPMG identified access control deficiencies associated with controls over provisioning of new or modified user access, recertification of existing user access, and terminating of user access. Furthermore, control deficiencies were identified over providing least privileged access and segregation of duties.

What the Audit Recommends

There were no formal recommendations for this particular review. As such, there was no formal response required.



**UNITED STATES DEPARTMENT OF ENERGY
NUCLEAR WASTE FUND**

ANNUAL FINANCIAL REPORT

**As of and for the Year Ended
September 30, 2025**

November 10, 2025

UNITED STATES DEPARTMENT OF ENERGY
NUCLEAR WASTE FUND

Annual Financial Report
September 30, 2025

Table of Contents

	Page
Management's Discussion and Analysis (unaudited)	
Reporting Entity	3
Fiscal Year 2025 Financial Performance	5
Analysis of Systems, Controls and Legal Compliance	8
Independent Auditors' Report	9
Financial Results	
Balance Sheet	14
Statement of Net Cost	15
Statement of Changes in Net Position	16
Statement of Budgetary Resources	17
Notes to Financial Statements	18
Other Information (unaudited)	
Schedule I – Schedule of Cumulative Net First and Second Repository Costs	30
Schedule II – Schedule of Cumulative Billings and Interest and Deferred Revenue	31

ATTACHMENT

Management's Discussion & Analysis – (unaudited)**REPORTING ENTITY**

The Nuclear Waste Policy Act of 1982 (NWPA) (Public Law 97-425) established the Office of Civilian Radioactive Waste Management (OCRWM) within the United States (U.S.) Department of Energy (Department or DOE). OCRWM's mission was to manage and dispose of the Nation's spent nuclear fuel (SNF) and high-level radioactive waste (HLW). The Nuclear Waste Policy Amendments Act of 1987 (Title V, Public Law 100-203) directed the Secretary of Energy (Secretary) to characterize only the Yucca Mountain site in Nevada as a candidate site to determine if it was suitable for a repository for SNF and HLW.

Once the characterization of the Yucca Mountain site was completed, the Secretary recommended the site to the President. In July 2002, the President signed into law the Congressional Joint Resolution designating Yucca Mountain as the site for the Nation's first SNF and HLW repository. In 2008, DOE submitted a license application to the U.S. Nuclear Regulatory Commission (NRC or the Commission) seeking authorization to construct the Yucca Mountain repository.

In fiscal year (FY) 2009, the President and the Secretary announced that a repository at Yucca Mountain was not a workable option, and that the repository program would be terminated. In January 2010, at the direction of the President, the Secretary announced the formation of the Blue Ribbon Commission on America's Nuclear Future (BRC), which was shortly followed by the FY 2011 Budget Request with a zero budget request for OCRWM. In March 2010, the Department filed a motion to withdraw with prejudice the Yucca Mountain license application pending before the Atomic Safety and License Board (ASLB or Board), the independent adjudicatory body of the NRC. In June 2010, the ASLB issued an order denying the Department's motion to withdraw the license application, which the Department appealed to the Commission. By the beginning of FY 2011, the Department had disbanded OCRWM, and shifted OCRWM program responsibilities to various Departmental Program Secretarial Offices. Among these shifts, the Office of the General Counsel (OGC) is now responsible for ongoing litigation and oversight of regulatory activities associated with the NWPA, the Nuclear Waste Fund (NWF), and the Standard Contract for the Disposal of Spent Nuclear Fuel and/or High-Level Radioactive Waste (10 CFR 961) with utilities (Standard Contract).

In July 2011, a lawsuit was filed against the NRC in the U.S. Court of Appeals for the District of Columbia (DC) Circuit requesting that the court order the NRC to continue reviewing the Yucca Mountain license application.

In September 2011, the NRC issued its decision which (1) announced it was split evenly on the question whether the NRC's ASLB had properly refused to allow the Department's motion to withdraw the Yucca Mountain construction license application with prejudice, and (2) unanimously held that "budgetary limitations" required the ASLB to dispose of pending matters by the end of FY 2011 and to document the history of the adjudicatory process. Subsequently, the ASLB issued a memorandum and order suspending the adjudicatory portion of the licensing proceeding due to uncertainty regarding the availability of future appropriations from the NWF to pay for future proceeding and a lack of staff to continue the proceeding. The adjudicatory portion of the licensing proceeding remains suspended due to lack of appropriations.

ATTACHMENT

The BRC submitted a final report in January 2012 with its recommendations for consideration by the Administration and Congress, as well as interested State, Tribal and local governments, other stakeholders, and the public. Subsequently, the Department issued the “Strategy for the Management and Disposal of Used Nuclear Fuel and High-Level Waste” on January 11, 2013 (Strategy), but no Congressional action was taken to implement the Strategy. The key assumptions from the Strategy were that (1) a pilot storage facility would be operational in 2021 to allow for the removal of SNF from shutdown reactors; (2) a larger interim storage facility would be operational in 2025 to begin the removal of SNF from operating nuclear power reactors, and (3) a repository would be operational by 2048.

In August 2013, the U.S. Court of Appeals for the DC Circuit issued an order to the NRC to promptly continue with the legally mandated licensing proceeding unless and until Congress authoritatively says otherwise or there are no appropriated funds remaining.

For FY 2023, FY 2024, and FY 2025, Congress appropriated \$53 million, \$55 million, and \$55 million, respectively, for the Office of Nuclear Energy’s Integrated Waste Management System (IWMS) subprogram within the Fuel Cycle R&D program. The appropriations covered ongoing IWMS activities and also reflected funding for federal consolidated interim storage activities, as well as a ramp-up in activities to develop a consent-based process, now known as a collaboration-based process, for federal consolidated interim storage, now known as the federal Consolidated Storage Facility. Also under the Nuclear Waste Disposal Appropriation account, Congress appropriated \$10.2 million for FY 2023, and \$12.0 million for both FY 2024 and FY 2025, for NWF Oversight including management of the NWF, administration of the Standard Contract, legal services, and maintenance of the Yucca Mountain site. The funds are managed by the Department’s Office of Nuclear Energy.

In accordance with the NWPA, the Department entered into more than 69 Standard Contracts with utilities in which, in return for payment of fees into the NWF, the Department agreed to begin to dispose of SNF by January 31, 1998. Because the Department has no facility available to receive SNF under the NWPA, it has been unable to begin to dispose of the utilities’ SNF as required by the contracts. Significant litigation claiming damages for partial breach of contract has ensued as a result of the Department’s delay.

ATTACHMENT

FISCAL YEAR 2025 FINANCIAL PERFORMANCE

The principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 United States Code 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with Generally Accepted Accounting Principles for Federal entities and the formats prescribed by the Office of Management and Budget (OMB), the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

The NWF consists of fees paid by the owners and generators of SNF from commercial reactors, in accordance with provisions of their contracts with the Department for disposal services. NWF assets in excess of those authorized by Congress to pay NWPAs costs are invested in U.S. Treasury securities. On November 19, 2013, the U.S. Court of Appeals for the District of Columbia Circuit found that the Department did not have a legitimate basis to evaluate the ongoing fee and directed the Department to propose to Congress a reduction of the ongoing fee to zero. The Department complied and reduced the fee to zero effective on May 16, 2014. The NWPAs originally provided that the federal government would pay the costs of defense-generated nuclear waste directly into the NWF. However, Congress in 1993 changed that requirement to instead establish a separate Defense Nuclear Waste Disposal Appropriation (DNWDA).

As of September 30, 2025, cumulative billings from fees and the DNWDA, totaled approximately \$25.5 billion; and cumulative interest earnings and other revenue totaled approximately \$40.3 billion. As of September 30, 2025, cumulative expenditures by the Department from appropriations and amounts authorized by Congress, including direct appropriations to the NRC, the now defunct Office of the Nuclear Waste Negotiator, and the Nuclear Waste Technical Review Board, totaled approximately \$11.5 billion.

As of September 30, 2025, the U.S. Treasury securities held by the NWF were \$51.4 billion, and had a fair value of \$51.3 billion.

Offsetting NWF investments and receivables are deferred revenues, which reflect the cumulative fees billed, related accrued interest, and investment income in excess of expenditures since inception. As of September 30, 2025, the combined deferred revenue balance was \$54.2 billion. The increase from investment income and net gains from the maturity of securities was \$1.9 billion for FY 2025.

The Department estimates the remaining liability associated with the partial breach of the Standard Contract and has reflected that amount on the Commitments and Contingencies line of the balance sheet. As of September 30, 2025, the estimate of the remaining liability from SNF litigation was \$38.6 billion. Judgments and settlements for damages related to the partial breach are paid by the Judgment Fund.

Significant Issue - SNF AND HLW DISPOSAL

The government's acceptance of SNF and HLW, authorized under the NWPAs, has been delayed by various factors.

ATTACHMENT

Actions Taken and Remaining

Departmental Initiatives: In FY 2023, FY 2024, and FY 2025, Congress appropriated funds to the Department for nuclear waste disposal activities, including interim storage activities. Some of the accompanying Congressional reports requested the Department move forward under existing authority to identify potential sites for Federal interim storage facilities using a consent-based siting process.

- In late September 2023, DOE placed 12 cooperative agreements with Collaboration-Based Siting Consortia. As of December 2024, the consortia activities had resulted in at least 252 public meetings/engagements, 24 information research projects, 56 State, local, Federal and Tribal engagements, and 18 seed grant awards, in addition to 6 quarterly meetings.
- In February 2024, fabrication on DOE's eight-axle Fortis railcar, designed to carry SNF and HLW to future federal storage and disposal facilities began at Kasgro Rail in New Castle, Pennsylvania.
- In May 2024, the DOE Energy System Acquisition Advisory Board approved Mission Need, Critical Decision-0 for the federal consolidated interim storage facility (CISF) project with a total project cost range of \$4.6 billion to \$10.5 billion, and completion date of FY 2042-2047. DOE will now proceed to begin work on Critical Decision-1, Alternative Selection and Cost Range.
- In June 2024, the Association of American Railroads certified DOE's Atlas railcar consist (rolling stock including two buffer railcars, one spent nuclear fuel-carrying Atlas railcar, and one rail escort vehicle, collectively referred to as a train "consist") to operate on all major freight railroads in the U.S. Atlas is a 12-axle railcar designed to transport larger containers of SNF and HLW to future federal storage and disposal facilities. DOE plans to use the Atlas railcar consist to transport one cask of SNF in 2027 as part of the High Burnup Demonstration R&D Project from the North Anna Power Station near Mineral, Virginia, to DOE's Idaho National Laboratory for further research.
- In summer 2024, DOE issued a contract task order to seek input and recommendations from federally recognized Tribes on how DOE should engage with them in the consent-based siting process.
- In July 2024, DOE released a request for information (RFI) to seek input on contracting approaches and interested service providers for design, engineering, and integration support for the federal CISF project.
- In August 2024, DOE released an RFI to seek input from members of the general public, Type B transportation cask vendors, testing facilities, technical experts, and marketing/public relations experts to inform DOE's approach for conducting a package performance demonstration of a full-sized rail SNF transportation cask for the purposes of building public trust and confidence in the safety of SNF transport.
- In January 2025, DOE placed a contract task for engineering design of a federal consolidated storage facility and development of the Conceptual Design documentation to support Critical Decision-1, under DOE's Order governing Program and Project Management for the Acquisition of Capital Assets.

ATTACHMENT

- Through FY 2025, DOE continued development of railcars to transport commercial SNF and HLW with ongoing fabrication of a prototype 8-axle Fortis railcar. Having the larger 12-axle Atlas railcar and smaller 8-axle Fortis railcar will provide flexibility for DOE transport of SNF and HLW packages that will have a range of weights up to 210 tons. The prototype railcar will be complete in late FY 2026 and then will begin a series of operational tests.
- Collaboration-based siting activities are currently on critical path due to the opening of a consolidated storage facility and will need to be sustained with adequate resources in terms of program funding and personnel.
- DOE's ongoing efforts include continued work with multidisciplinary teams of engineers, stakeholder engagement experts, social and behavioral scientists, communicators, environmental scientists, technical experts, and others to advance collaboration-based siting, storage design, transportation preparations, and other program areas.
- DOE continued engagement with State and Tribal government representatives to prepare for future large-scale SNF transportation via cooperative agreements to facilitate information exchange and coordination among States and Tribes. Through these cooperative agreements, DOE is coordinating with State and Tribal government partners to prepare for shipment of the high burnup research cask of SNF from Virginia to Idaho in 2027, which could be a model for future large-scale rail shipments of SNF to federal storage and disposal facilities.

Additionally, the Department continues to manage the NWF, administer the Standard Contracts, and maintain the security of the Yucca Mountain site.

ATTACHMENT

ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

Analysis of systems, controls, and legal compliance is performed, reported, and audited at the Departmental level. The results of these reviews and assessments are incorporated in the Department's Annual Financial Report. A significant issue, SNF and HLW Disposal, was reported by management in FY 2025 and is described below.

Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act (FMFIA) of 1982 requires that agencies establish internal control and financial systems to provide reasonable assurances that the integrity of Federal programs and operations are protected. Furthermore, it requires that the head of the agency provides an annual assurance statement on whether the agency has met this requirement and whether any material weaknesses exist. NWF's balances are included in the Department's financial statements and are covered by the annual assurance statement.

In response to the FMFIA, the Department developed an internal control program which holds managers accountable for the performance, productivity, operations, and integrity of their programs through the use of management controls. Annually, senior managers at the Department are responsible for evaluating the adequacy of the internal controls surrounding their activities and determining whether they conform to the principles and standards established by the Office of Management and Budget, and the Government Accountability Office. The results of these evaluations and other senior management information are used to determine whether there are any internal control problems to be reported as material weaknesses. The Departmental Internal Control and Audit Review Council, the organization responsible for oversight of the Management Control Program, makes the final assessment and decision for the Department.



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Inspector General
Deputy Chief Financial Officer
Acting Director, Office of Standard Contract Management, and
Deputy Assistant Secretary for Spent Fuel and High Level Waste Disposition

United States Department of Energy Nuclear Waste Fund:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the United States (U.S.) Department of Energy (Department) Nuclear Waste Fund (Nuclear Waste Fund), which comprise the balance sheet as of September 30, 2025, and the related statement of net cost, changes in net position, and budgetary resources for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Nuclear Waste Fund as of September 30, 2025, and its net cost, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Nuclear Waste Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter – Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the *Annual Financial Report* to provide additional information for the users of its financial statements. Such information is not a required part of the financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Financial Statements

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

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nuclear Waste Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the *Annual Financial Report*. The other information comprises the Table of Contents, Other Information - Schedule I and Other Information - Schedule II but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2025, we considered the Nuclear Waste Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nuclear Waste Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Nuclear Waste Fund's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described below as item 2025–01 that we consider to be a significant deficiency.

2025–01: Weaknesses in General Information Technology Controls

Background

The Nuclear Waste Fund, within the Department, utilizes various information technology systems to achieve its mission and to record, process, and compile financial information for its financial statements. These systems include but are not limited to, a user profile and access control system, financial reporting system, and procurement system to record transactions and underlying data relevant to the preparation of the financial statements.

Criteria

The U.S. Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government* (Green Book), sets the standards for an effective internal control system and provides an overall framework for designing, implementing, and operating effective internal control systems. Relevant criteria include the following principles: Principle 3, Establish Structure, Responsibility, and Authority; Principle 7, Identify, Analyze, and Respond to Risks; Principle 10, Design Control Activities; Principle 12, Implement Control Activities; Principle 13, Use Quality Information; and Principle 14, Communicate Internally.

National Institute of Standards and Technology (NIST) Special Publication 800-53, Revision 5, *Security and Privacy Controls for Information Systems and Organizations*, dated September 2020, provides specific



guidance to Federal agencies on implementation of management, operating, and technical controls that should be in place on Federal information systems.

The Department issues internal policies at an enterprise, element, site, and system level to set forth requirements and responsibilities for the cybersecurity program and to define information technology controls and standard operating procedures.

Condition

Access control deficiencies exist within the systems mentioned above as follows:

- Controls over access to certain systems, including controls associated with provisioning of new or modified user access, recertification of existing user access, and terminating user access, including temporary access and privileged accounts were not effectively designed and implemented.
- Controls over access to certain systems, including controls associated with provisioning of new or modified user access, recertification of existing user access, and removal of terminated user access, including privileged accounts were not operating effectively.
- Controls over access to certain systems, including controls over providing least privileged access and segregation of duties were not designed and implemented.

Cause

Management has not consistently designed and implemented nor operated controls to ensure compliance with standards for effective internal control systems and internal policies. Management has inconsistently:

- Assigned key control responsibilities in an effective and reliable manner
- Assessed and responded to risks associated with inappropriate access
- Assessed and responded to changes in risks associated with inappropriate access
- Designed appropriate control activities for the internal control system
- Considered segregation of duties so that incompatible duties are segregated
- Utilized relevant and reliable data in support of control activities
- Communicated quality information within the entity to achieve access control objectives

Effect

User accounts with inappropriate access may allow for unauthorized use, disclosure, modification or destruction of system data. This could result in the disruption of normal business operations and misstatements in the financial statements.

Recommendations

We recommend that Office of the Chief Information Officer management:

- Design and implement controls over application and privileged access to certain systems, including provisioning new or modified access, periodic recertification of accounts, and terminating user access.
- Review assigned responsibilities for current control owners to ensure they are able to perform required activities effectively and reliably.



- Re-enforce control requirements to ensure consistent approval and documentation of new or modified user account, user termination, and recertification requests as required by internal policies and standards for effective internal control systems.
- Enforce internal policies and standards for effective internal control system practices for segregation of duties and least privileged access roles to users.

Management Response

Management concurs.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nuclear Waste Fund's financial statements as of and for the year ended September 30, 2025 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

Nuclear Waste Fund's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Nuclear Waste Fund's response to the findings identified in our audit and described previously. The Nuclear Waste Fund's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Nuclear Waste Fund's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Nuclear Waste Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
November 10, 2025

ATTACHMENT

UNITED STATES DEPARTMENT OF ENERGY

NUCLEAR WASTE FUND

Balance Sheet

As of September 30, 2025

(Dollars in thousands)

	FY 2025
ASSETS	
Intragovernmental:	
Fund Balance with Treasury ^(Note 3)	\$ 7,588
Investments, Net ^(Note 4)	51,427,893
Total Intragovernmental Assets	51,435,481
Other than Intragovernmental:	
Accounts Receivable Due from Utilities ^(Note 5)	2,803,242
Property, Plant, and Equipment, Net ^(Note 6)	16
Total Other than Intragovernmental Assets	2,803,258
Total Assets	\$ 54,238,739
LIABILITIES	
Intragovernmental: ^(Note 8)	
Accounts Payable	\$ 93
Advances from Others and Deferred Revenue ^(Notes 7 and 10)	625,718
Total Intragovernmental Liabilities	625,811
Other than Intragovernmental:	
Accounts Payable	540
Advances from Others and Deferred Revenue ^(Note 10)	53,606,308
Other Liabilities ^(Note 9)	
Contingencies and Commitments ^(Note 9)	38,645,248
Other Liabilities ^(Note 10)	314
Total Other than Intragovernmental Liabilities	92,252,410
Total Liabilities ^(Note 8)	\$ 92,878,221
NET POSITION	
Unexpended Appropriations - Funds from Dedicated Collections	\$ 4,321
Unexpended Appropriations - Funds from Other than Dedicated Collections	1,445
Total Unexpended Appropriations	5,766
Cumulative Results of Operations - Funds from Dedicated Collections	-
Cumulative Results of Operations - Funds from Other than Dedicated Collections	(38,645,248)
Total Cumulative Results of Operations	(38,645,248)
Total Net Position	\$ (38,639,482)
Total Liabilities and Net Position	\$ 54,238,739

The accompanying notes are an integral part of these statements.

ATTACHMENT

UNITED STATES DEPARTMENT OF ENERGY
 NUCLEAR WASTE FUND
 Statement of Net Cost
 For the Fiscal Year Ended September 30, 2025
 (Dollars in thousands)

	FY 2025
First Repository Costs	\$ 2,237
All Other Program Costs:	
Program Support	7,636
Transfers of Appropriations ^(Note 7)	4,064
Waste Acceptance, Storage and Transportation	7,871
Total All Other Program Costs	19,571
Total First Repository and Other Program Costs	21,808
Less Eamed Revenues ^(Note 10)	(21,808)
Net First Repository Costs & Other Program Costs	-
Costs Not Assigned to Programs	2,206,335
Net Cost of Operations	\$ 2,206,335

The accompanying notes are an integral part of these statements.

ATTACHMENT

UNITED STATES DEPARTMENT OF ENERGY
 NUCLEAR WASTE FUND
 Statement of Changes in Net Position
 For the Fiscal Year Ended September 30, 2025
 (Dollars in thousands)

	FY 2025
UNEXPENDED APPROPRIATIONS (combined totals - Note 11)	
Beginning Balance	\$ 13,733
Appropriations Received (Note 2)	-
Appropriations Used	<u>(7,967)</u>
Net Change in Unexpended Appropriations	<u>\$ (7,967)</u>
Total Unexpended Appropriations	<u>\$ 5,766</u>
CUMULATIVE RESULTS OF OPERATIONS (combined totals - Note 11)	
Beginning Balance	\$ (37,560,866)
Imputed Financing from Costs Absorbed by Others	1,121,953
Net Cost of Operations	<u>(2,206,335)</u>
Net Change in Cumulative Results of Operations	<u>(1,084,382)</u>
Total Cumulative Results of Operations	<u>\$ (38,645,248)</u>
Total Net Position	<u>\$ (38,639,482)</u>

The accompanying notes are an integral part of these statements.

ATTACHMENT

UNITED STATES DEPARTMENT OF ENERGY
 NUCLEAR WASTE FUND
 Statement of Budgetary Resources
 For the Fiscal Year Ended September 30, 2025
 (Dollars in thousands)

	FY 2025
BUDGETARY RESOURCES	
Unobligated Balance from Prior Year Budget Authority, Net	\$ 6,710
Appropriations ^(Note 2)	<u>12,040</u>
Total Budgetary Resources	<u>\$ 18,750</u>
STATUS OF BUDGETARY RESOURCES	
New Obligations and Upward Adjustments (Total) ^(Note 12)	\$ 10,252
Unobligated Balance, End of Year:	
Apportioned, Unexpired Accounts	254
Exempt from Apportionment, Unexpired Accounts	8,244
Unobligated Balance, End of Year	<u>8,498</u>
Total Budgetary Resources	<u>\$ 18,750</u>
OUTLAYS, NET	
Outlays, Net	\$ 18,642
Distributed Offsetting Receipts	<u>(1,974,374)</u>
Nuclear Waste Fund Outlays, Net	<u>\$ (1,955,732)</u>

The accompanying notes are an integral part of these statements.

ATTACHMENT

UNITED STATES DEPARTMENT OF ENERGY NUCLEAR WASTE FUND

Notes to the Financial Statements
September 30, 2025

(Dollars in thousands unless otherwise noted)

(1) Legislative Background

The Nuclear Waste Policy Act of 1982 (NWPAA) was signed into law on January 7, 1983. The NWPAA establishes a framework for the financing, siting, licensing, operating and decommissioning of one or more mined geologic repositories for the Nation's spent nuclear fuel (SNF) and high-level radioactive waste (HLW) which is to be carried out by the Department of Energy (Department or DOE). In addition, the NWPAA contains other provisions including:

- Assigning responsibility for the payment of disposal costs to the owners and generators of SNF and HLW and creating a special Nuclear Waste Fund (NWF) within the Department of Treasury of the United States for the collection of fees to cover such costs;
- Providing for contracts between the Department and the owners and generators of SNF and HLW pursuant to which the Department is to take title to the SNF or HLW as expeditiously as possible, following commencement of repository operations and, in return for payment of fees established by the NWPAA, to begin disposal of the SNF or HLW not later than January 31, 1998; and
- Requiring evaluation of the use of civilian disposal capacity for the disposal of HLW resulting from atomic energy defense activities (Defense HLW). In April 1985, the President notified the Department of his determination that a separate defense waste repository was not necessary and directed the Department to proceed with arrangements for disposal of such waste. Fees, equivalent to those paid by commercial owners, must be paid for this service by the Federal Government.

On December 22, 1987, the President signed into law the Omnibus Budget Reconciliation Act of 1987, Title V, Subtitle A, which contained amendments to the NWPAA. The legislation directed the Department to characterize only the Yucca Mountain site in Nevada as a candidate site for the first repository. The legislation also provided for the termination of site-specific activities at all candidate sites other than the Yucca Mountain site, within 90 days of enactment, and for phasing out, not later than six months after enactment, all research programs in existence that were designed to evaluate the suitability of crystalline rock as a potential repository host medium.

In fiscal year (FY) 2009, the President and the Secretary of Energy (Secretary) announced that a repository at Yucca Mountain was not a workable option and that the repository program would be terminated. At that time, they also announced that a blue ribbon commission would be established to evaluate disposal alternatives. Accordingly, on January 29, 2010, the Secretary announced the formation of the Blue Ribbon Commission on America's Nuclear Future (BRC) to provide recommendations for developing a safe, long-term solution to managing the Nation's SNF and HLW. The BRC submitted a final report in January 2012 with their recommendations on these issues for consideration by the Administration and Congress, as well as interested state, tribal and local governments, other stakeholders, and the public. On February 1, 2010, the President issued the FY 2011 Budget Request with a zero budget request for the Nuclear Waste Disposal Appropriation and the Defense Nuclear Waste Disposal Appropriation (formerly known as and reported under the Office of Civilian Radioactive Waste Management (OCRWM) prior to FY 2011). Consequently, the Department closed OCRWM on September 30, 2010, and, on October 1, 2010, the Department reassigned prior responsibilities for the operations of OCRWM and its assets and liabilities within the Department. As a result, no funding was provided related to the Yucca Mountain repository in the Consolidated Appropriations Act for FY 2011-2017.

Funds to restart licensing activities for Yucca Mountain were requested in the FY 2018, 2019, and 2020 Budget Requests but not appropriated by Congress. In the FY 2021 Budget Request, appropriated funds were requested to develop and implement a consolidated interim storage program as part of a new, yet to be developed, integrated plan. Under the Nuclear Waste Disposal Appropriation account, Congress appropriated \$20 million for both FY 2021 and FY 2022 from the General Fund for the Department to proceed with planning a consent-based approach to federal consolidated interim storage. Accordingly, the Department has completed planning activities for a consent-based approach to site one or more federal consolidated interim storage facilities in the near term which would be followed

ATTACHMENT

UNITED STATES DEPARTMENT OF ENERGY NUCLEAR WASTE FUND

Notes to the Financial Statements
September 30, 2025

(Dollars in thousands unless otherwise noted)

by a disposal facility some years after. For FY 2023, FY 2024, and FY 2025, Congress appropriated \$53 million, \$55 million, and \$55 million, respectively, for the Department's Office of Nuclear Energy's Integrated Waste Management System (IWMS) subprogram within the Fuel Cycle R&D program. The appropriations covered ongoing IWMS activities and also reflected funding for federal consolidated interim storage activities that were previously funded under the Nuclear Waste Disposal Appropriation account, as well as a ramp-up in activities to develop a consent-based process, now known as a collaboration-based process, for federal consolidated interim storage, now known as the federal Consolidated Storage Facility (CSF). Federal CSF is contingent upon Congress providing adequate ongoing appropriations and amending the NWPA. On May 23, 2025, the current administration issued four executive orders to prioritize activities that support nuclear energy, including actions to make available resources for restarting closed nuclear power plants, increasing power output of operating nuclear power plants, completing construction of nuclear reactors that was prematurely suspended, constructing new advanced nuclear reactors, and reforming the Nuclear Regulatory Commission's licensing regulations. Additionally, under the Nuclear Waste Disposal Appropriation account, Congress appropriated \$7.5 million for both FY 2021 and FY 2022, \$10.2 million for FY 2023, and \$12.0 million for both FY 2024 and FY 2025 for NWF Oversight including management of the NWF, administration of the Standard Contract, legal services, and maintenance of the Yucca Mountain site (e.g., physical security, general site maintenance, and fulfilling environmental requirements).

(2) Summary of Significant Accounting Policies

Basis of Presentation – These financial statements have been prepared to report the financial position and results of operations of the NWF and include all activity related to the Nuclear Waste Disposal Appropriation and the Defense Nuclear Waste Disposal Appropriation used for the disposal of SNF and HLW. The financial statements have been prepared from the books and records of the Department for the NWF in accordance with accounting principles generally accepted in the United States of America, as applicable to Federal entities, and presentation guidelines in Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements.

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information per Statement of Federal Financial Accounting Standards (SFFAS) 56, *Classified Activities*.

Basis of Accounting – The NWF's financial statements are prepared using the accrual method of accounting. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred without regard to receipt or payment of cash. The NWF also uses budgetary accounting to facilitate compliance with legal constraints and to monitor its budget authority. On the Balance Sheet, assets and liabilities have been classified according to the type of entity with which the transactions were made. Intragovernmental assets and liabilities are those from or to other federal entities.

Revenue Recognition – Fees, related accrued interest, other billings, and investment income are recognized as exchange (earned) revenue to the extent of expenses incurred, subject to Congressional authorization, as discussed below. Fees billed, related accrued interest, other billings, and investment income in excess of current expenses are deferred.

The NWPA requires the civilian owners and generators of nuclear waste to pay their share of the full cost of the NWF and, to that end, establishes a fee for electricity generated and sold by civilian nuclear power reactors which the Department must collect and annually assess to determine its adequacy. A one-time fee (see Note 5) was recorded by

ATTACHMENT

**UNITED STATES DEPARTMENT OF ENERGY
NUCLEAR WASTE FUND**

Notes to the Financial Statements
September 30, 2025

(Dollars in thousands unless otherwise noted)

(2) Summary of Significant Accounting Policies (continued)

the NWF as of April 7, 1983, related to the disposal of SNF generated prior to that date. Fees recognized by the NWF are based upon kilowatt (kWh) of electricity generated and sold by civilian nuclear reactors on and after April 7, 1983. The per kWh portion of the fee was set to zero in 2014 and has not changed since then.

Fees associated with the disposal of the Department's SNF and HLW under the Defense Nuclear Waste Appropriation and other funds used associated with the Nuclear Waste Disposal Appropriation, but derived from the General Fund, are also recognized as the related costs are incurred and allocated. The methodology for allocating costs between SNF and HLW owned and managed by the Government (defense) and commercial (civilian) was developed by public rulemaking and published in the Federal Register in August 1987. This rule provides guidance for calculating the defense and civilian shares of total costs. The annual *Analysis of the Total System Life Cycle Cost of the Civilian Radioactive Waste Management Program* (TSLCC) calculated the defense and civilian shares of program costs using this methodology. The most recent TSLCC was published in 2008. In the absence of better information, this TSLCC remains the best information available to calculate the Government's share of the deferred revenue balance attributable to the disposal of the defense waste.

Appropriations – Expenditure authority for the NWF has historically been provided by two separate appropriations. For FY 2025, Congress appropriated \$0 from the Defense Nuclear Waste Disposal Appropriation and \$12.0 million from the Nuclear Waste Disposal Appropriation account. In addition, NWF makes Congressional authorized transfers from the NWF to the Nuclear Waste Technical Review Board each FY (see Footnote 7).

Fee payments and investment income are deposited into the NWF account and are made available to the Department through the annual expenditure authority provided by Congress. Investments are made in United States (U.S.) Treasury securities from funds in excess of current needs. If, at any time, monies available in the NWF are insufficient to discharge responsibilities under the NWP, borrowings may be made from the U.S. Treasury. The NWP limits the NWF from incurring expenditures, entering into contracts, and obligating amounts to be expended except as provided in advance by appropriation acts. Appropriated dedicated collections such as these are excluded from appropriations received on the Statements of Changes in Net Position.

Imputed Financing Sources – In certain instances, costs of the NWF are paid out of funds appropriated to other federal agencies. For example, payments under the terms of settlements and judgments are paid by the U.S. Treasury Judgment Fund (Judgment Fund). When costs directly attributable to NWF's operations are paid by other agencies, NWF recognizes these amounts in the *Statement of Net Cost*. In addition, these amounts are recognized as imputed financing sources in the *Statement of Changes in Net Position*.

Funds from Dedicated Collections – NWF follows SFFAS 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds*, which requires separate identification of funds from dedicated collections on the Balance Sheet, Statement of Changes in Net Position, and other selected footnotes.

Funds from dedicated collections are financed by specifically identified revenues, provided to the government by non-federal sources, and often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits, or purposes, and must be accounted for separately from the Government's general revenues (see Note 11).

Investments – Investments are in U.S. Treasury securities and are stated at cost net of amortized premiums and discounts, as it is the NWF's intent to hold the investments to maturity. Premiums and discounts are amortized using

ATTACHMENT

**UNITED STATES DEPARTMENT OF ENERGY
NUCLEAR WASTE FUND**

Notes to the Financial Statements
September 30, 2025

(Dollars in thousands unless otherwise noted)

(2) Summary of Significant Accounting Policies (continued)

the effective interest yield method. Investment interest is accrued on the outstanding investment balance using the applicable interest rate for the investments (see Note 4).

Property, Plant, and Equipment, Net – Purchases of property, plant, and equipment (PP&E) exceeding \$50 are capitalized if they have a useful life greater than two years. PP&E is depreciated on a straight-line basis over the estimated useful lives of the assets. Useful lives range from 5 to 30 years. PP&E is presented net of accumulated depreciation. Maintenance costs are borne by NWF for equipment either on loan from or shared with other programs (see Note 6).

Accounts Receivable Due from Utilities – Accounts receivable must be paid prior to when the Department begins accepting waste. Interest is accrued quarterly on the outstanding amount receivable including accrued interest. The interest rate used is the 13-week U.S. Treasury bill rate. NWF does not record an allowance for doubtful accounts related to one-time spent fuel fees because the Department's acceptance of the waste is contingent upon these fees being paid (see Note 5).

Liabilities – Liabilities represent the amount of monies or other resources that are likely to be paid by NWF as the result of a transaction or event that has already occurred. However, no liability can be paid by NWF absent an appropriation. Liabilities for which an appropriation has not been enacted are therefore classified in these notes as liabilities not covered by budgetary resources and there is no certainty that the appropriation will be enacted. Also, liabilities other than contracts can be repealed by the Government acting in its sovereign capacity.

Tax Status – NWF, as a part of the Department of Energy, which is a Federal agency, is not subject to federal, state, or local income taxes.

Use of Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant items subject to such estimates and assumptions include primarily commitments and contingencies related to SNF litigation (see Note 9).

(3) Fund Balance with Treasury

Summaries of the balances with the U.S. Treasury for the Defense Nuclear Waste Disposal and the Nuclear Waste Disposal funds as of September 30, 2025 is presented below. The Defense Nuclear Waste Disposal fund's funding source is direct appropriations. The Nuclear Waste Disposal fund is a special fund with funding from both appropriated and non-appropriated sources.

As of September 30, 2025	Defense Nuclear Waste Disposal	Nuclear Waste Disposal	FY 2025
Unobligated budgetary resources			
Available	\$ 1	\$ 8,259	\$ 8,260
Obligated balance not yet disbursed			
Undelivered orders	1,444	11,454	12,898
Accounts payable and other liabilities	15	932	947
Budgetary resources invested in Treasury securities	-	(14,517)	(14,517)
Total FY 2025 Fund Balance with Treasury	\$ 1,460	\$ 6,128	\$ 7,588

**UNITED STATES DEPARTMENT OF ENERGY
NUCLEAR WASTE FUND**

Notes to the Financial Statements
September 30, 2025

(Dollars in thousands unless otherwise noted)

(4) Investments, Net

For the fiscal year ended September 30, 2025, the NWF received proceeds from the maturity of securities of \$6,029,956. Investments in U.S. Treasury securities held as of September 30, 2025 consisted of the following:

	FY 2025						
	Face Value	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Net Investments	Unrealized Gain / (Loss)	Market / Fair Value
Intragovernmental Securities and Investments:							
	Effective Interest						
Non-Marketable: Market Based:	\$ 79,068,690	Yield	\$ 27,733,525	\$ 92,728	\$ 51,427,893	\$ (159,885)	\$ 51,268,008
Total Intragovernmental Securities and Investments	\$ 79,068,690		\$ 27,733,525	\$ 92,728	\$ 51,427,893	\$ (159,885)	\$ 51,268,008

Pursuant to statutory authorization, fees collected from owners and generators of SNF that are in excess of those needed to pay current program costs are invested in Treasury securities. The federal government does not set aside assets to pay for expenditures associated with the funds for which the NWF holds Treasury securities. These Treasury securities are an asset to the NWF and a liability to Treasury. Because the NWF and Treasury are both parts of the federal government, these assets and liabilities offset each other from the standpoint of the federal government, as a whole. For this reason, they do not represent an asset or a liability in the U.S. Government-wide financial statements. Treasury securities provide the NWF with authority to draw upon the U.S. Treasury to make expenditures, subject to available appropriations and OMB apportionments. When the NWF requires redemption of these securities, the federal government finances those expenditures out of accumulated cash balances by raising taxes or other receipts, by borrowing from the public, repaying less debt, or by curtailing other expenditures. This is the same way the federal government finances all other expenditures.

(5) Accounts Receivable Due from Utilities

Owners and generators of civilian SNF have entered into contracts with the Department for disposal services and for payment of fees to the NWF.

The NWPA specifies two types of fees to be paid to the NWF for disposal services: (a) a one-time charge per kilogram of heavy metal in solidified SNF existing prior to April 7, 1983; and (b) a one mill per kWh fee on all net electricity generated and sold by civilian nuclear power reactors on and after April 7, 1983. The kWh fees are calculated and due quarterly. The contracts between the Department and the owners and generators of the waste provide three options for payment of the one-time spent fuel fee, one of which must have been selected by September 30, 1985, or within two years of contract execution. The options were:

1. Payment of the amount due, plus interest earned from April 7, 1983, in 40 quarterly installments with the final payment due on or before the first scheduled delivery of SNF to the Department;
2. Payment of the amount due, plus interest from April 7, 1983, in a single payment any time prior to the first delivery of SNF to the Department; or
3. Payment of the amount due any time prior to September 30, 1985, or two years after contract execution, in the form of a single payment, with no interest due.

ATTACHMENT

**UNITED STATES DEPARTMENT OF ENERGY
NUCLEAR WASTE FUND**

Notes to the Financial Statements
September 30, 2025

(Dollars in thousands unless otherwise noted)

Under options (1) and (2), interest accrues from April 7, 1983 to the date of first payment at the 13-week U.S. Treasury bill rate compounded quarterly. Under option (1), beginning with the first payment, interest is calculated at the 10-year Treasury note rate in effect at the time.

In FY 2025, payments of one-time accrued spent fuel fees of \$2,467 and accrued interest of \$5,913 were received from owners and generators of civilian SNF.

Per the NWPA, the Secretary shall annually review the adequacy of the fees established. In the event the Secretary determines either insufficient or excess revenue is being collected, the Secretary shall propose an adjustment to the fee to ensure full cost recovery. Because the U.S. Court of Appeals for the District of Columbia Circuit found the Department did not have a legitimate basis to evaluate or assess the ongoing kWh fee, the court directed the Department to propose to Congress a reduction of the ongoing kWh fee to zero. Such proposal became effective on May 16, 2014. In August 2014, the Department collected the remaining ongoing fee receivable balances. The circumstances have remained unchanged for FY 2025 and no ongoing kWh fees were assessed or collected.

Accounts receivable from utilities as of September 30, 2025 were as follows:

	FY 2025
Accounts receivable:	
One-time spent nuclear fuel fees:	
Accounts receivable - one-time spent nuclear fuel fees	
Option (1)	\$ 143,531
Option (2)	473,446
Total accounts receivable one-time spent nuclear fuel fees	<u>616,977</u>
Accrued interest on one-time spent nuclear fuel fees:	
Option (1)	508,005
Option (2)	1,678,260
Total accrued interest on one-time spent nuclear fuel fees	<u>2,186,265</u>
Total accounts receivable due from utilities	<u>\$ 2,803,242</u>

(6) Property, Plant, and Equipment, Net

Property, plant, and equipment and related accumulated depreciation consisted of the following as of September 30, 2025:

	FY 2025
Property, plant, and equipment	\$ 4,913
Less accumulated depreciation	(4,897)
Property, plant, and equipment, net	<u>\$ 16</u>

ATTACHMENT

**UNITED STATES DEPARTMENT OF ENERGY
NUCLEAR WASTE FUND**

Notes to the Financial Statements
September 30, 2025

(Dollars in thousands unless otherwise noted)

(7) Transactions with the Department and Other Federal Government Agencies

The NWPA authorized the Secretary of Energy to carry out the provisions of the NWPA and created the Nuclear Waste Fund in the U.S. Treasury. The investment and borrowing powers of the NWF are limited to transactions with the U.S. Treasury. In discharging its obligations under the NWPA, the Department contracts for services with numerous contractors including other Federal Government agencies such as Department of Justice, Department of Treasury, and Office of Personnel Management. Further, significant administrative services are provided by the Department.

As of September 30, 2025, NWF owed other Federal Government agencies \$93. For the fiscal year ended September 30, 2025, NWF incurred costs of \$2,018 for services and goods provided by the Department and other Federal Government agencies. In addition to these incurred costs, NWF made Congressional authorized transfers from the NWF to the Nuclear Waste Technical Review Board in the amount of \$4,064 in FY 2025.

NWF has entered into Memoranda of Agreement (MOA) with the Department's Office of Environmental Management and the Department's Office of Naval Nuclear Propulsion. The MOA established the terms and conditions for acceptance of Department-owned SNF and HLW (Defense Waste) for disposal. The estimated liabilities are included in the 2008 TSLCC that is used to calculate the estimate of the Department's share of total current and future program costs for Defense Waste. The Department has paid amounts in excess of its estimated share of costs and as a result has no liability to NWF as of September 30, 2025.

As of September 30, 2025, the total cumulative share of costs for the Department's Defense Waste is estimated to be \$2,469,121 based on the methodology published in the Federal Register in August 1987 and interest owed is estimated to amount to \$672,737. As of September 30, 2025, \$625,718 was included in intragovernmental deferred revenue representing the Department's Defense HLW fees in the NWF in excess of the Department's cost share to-date.

(8) Liabilities Not Covered by Budgetary Resources

A summary of liabilities covered and not covered by budgetary resources as of September 30, 2025 is as follows:

	FY 2025
Liabilities not covered by budgetary resources:	
Intragovernmental	
Deferred revenue (Note 10)	\$ 625,718
Other than Intragovernmental	
Deferred revenue (Note 10)	53,606,308
Commitments and contingencies (Note 9)	38,645,248
Total liabilities not covered by budgetary resources	92,877,274
Liabilities covered by budgetary resources:	
Intragovernmental	
Accounts payable	93
Other than Intragovernmental	
Accounts payable	540
Other liabilities	314
Total liabilities covered by budgetary resources	947
Total Liabilities	<u>\$ 92,878,221</u>

ATTACHMENT

**UNITED STATES DEPARTMENT OF ENERGY
NUCLEAR WASTE FUND**

Notes to the Financial Statements
September 30, 2025

(Dollars in thousands unless otherwise noted)

(9) Commitments and Contingencies

SNF Litigation

In accordance with the NWPA, the Department entered into more than 69 Standard Contracts with utilities in which, in return for payment of fees into the NWF, the Department agreed to begin disposal of SNF by January 31, 1998. Because the Department has no facility available to receive SNF under the NWPA, it has been unable to begin disposal of the utilities' SNF as required by the contracts. Significant litigation claiming damages for partial breach of contract has ensued as a result of this delay.

To date, 45 suits have been settled involving utilities that collectively own 86 percent of the nuclear reactors subject to litigation for partial breach of contract. Under the terms of the settlements, the Judgment Fund, 31 U.S.C. 1304, paid \$8.9 billion as of September 30, 2025 to the settling utilities for delay damages they have incurred through September 30, 2025. In addition, 79 cases have been resolved by 71 final unappealable judgments and eight voluntary withdrawals with no damages. Eight of the unappealable judgments resulted in an award of no damages by the trial court and the 63 remaining cases resulted in a total of \$3.3 billion in damages that have been paid by the Judgment Fund as of September 30, 2025. An additional 16 cases remain pending the Court of Federal Claims. Liability is probable in these cases, and in many of these cases orders have already been entered establishing the Government's liability and the only outstanding issue to be litigated is the amount of damages to be awarded.

The Department uses settlements as the basis for estimating the Government's aggregate SNF litigation. The Department's SNF litigation liability is updated to include the effects of final judgments and settlements as well as payments to date from the Judgment Fund. Additional payments under these settled and adjudicated cases may be made if the utilities incur additional costs resulting from the Department's delay in acceptance of SNF. The Department believes its assumptions and methodology provide a reasonable basis for the contingent liability estimate. Based on these settlement estimates, the total liability estimate as of September 30, 2025 was in the range of between \$50.8 billion and \$56.5 billion. After deducting the cumulative amount paid of \$12.2 billion as of September 30, 2025 under these settlements and as a result of final judgments, the remaining liability is estimated to be in the range of between \$38.6 billion and \$44.3 billion. A key input to the estimate is the duration that each operating reactor will continue to operate. Given that a longer operating duration results in an increased amount of SNF generated, a longer operating duration also increases liability. Currently, most reactors are licensed to operate for 60 years. The Nuclear Regulatory Commission may also grant a "subsequent license renewal" which would extend a license by 20 years, for a total of 80 years. The liability estimate reflects a range of possible scenarios regarding the duration reactors will continue to operate. The Department has recognized as a liability the low end of that range. Under current law, any damages or settlements in this litigation will be paid out of the Judgment Fund. The Department's contingent liability estimate for SNF litigation is reported net of amounts paid to date from the Judgment Fund.

For FY 2023, FY 2024, and FY 2025, Congress appropriated \$53 million, \$55 million, and \$55 million, respectively, for the Office of Nuclear Energy's IWMS subprogram within the Fuel Cycle R&D program. The appropriations covered ongoing IWMS activities and also reflected funding for federal consolidated interim storage activities, as well as a ramp-up in activities to develop a consent-based process, now known as a collaboration-based process, for federal consolidated interim storage, now known as the federal CSF. In the FY 2026 Budget Request, the Administration requested \$55 million to develop and implement federal plans for the long-term management of SNF and HLW, in line with Executive Order 14302 *Reinvigorating the Nuclear Industrial Base*.

Given that the Department intends to fulfill its contractual obligations upon the acceptance of SNF and HLW for transport from the reactor facilities, a preliminary operational date of federal CSF is factored into the liability calculation. The liability estimate is contingent upon Congress providing adequate ongoing appropriations and amending the NWPA. While the collaboration-based process is adaptive and further actions are required by Congress, this is the best information available upon which to base the liability estimate. Future determinations on how the

ATTACHMENT

**UNITED STATES DEPARTMENT OF ENERGY
NUCLEAR WASTE FUND**

Notes to the Financial Statements
September 30, 2025

(Dollars in thousands unless otherwise noted)

Department will meet its obligations under the Standard Contracts and litigation outcomes could materially decrease or increase the SNF litigation liability.

(10) Deferred Revenue

As described in Note 2, all fees, both kWh fees and Defense HLW fees, as well as the related interest and investment income, are recognized as revenue to the extent of expenses incurred. Amounts in excess of current expenses are deferred. Deferred revenue as of September 30, 2025 was as follows:

	<u>FY 2025</u>
Intragovernmental	
Fees billed:	
Defense high-level waste fees and other funds	\$ 7,967
Interest:	
Income on investments	1,946,635
Other than Intragovernmental	
Interest:	
One-time spent nuclear fuel fees	120,631
Other billings	<u>-</u>
Total billings and interest	2,075,233
Less earned revenue	<u>(21,808)</u>
Change in deferred revenue	2,053,425
Deferred revenue - beginning balance	<u>52,178,601</u>
Deferred revenue - ending balance	<u><u>\$ 54,232,026</u></u>

ATTACHMENT

**UNITED STATES DEPARTMENT OF ENERGY
NUCLEAR WASTE FUND**

Notes to the Financial Statements
September 30, 2025

(Dollars in thousands unless otherwise noted)

(11) Funds from Dedicated Collections

	Dedicated Collections	Other than Dedicated Collections	FY 2025
Balance Sheet			
Assets			
Fund Balance with Treasury	\$ 6,128	\$ 1,460	\$ 7,588
Investments, Net	51,427,893	-	51,427,893
Accounts Receivable	2,803,242	-	2,803,242
Property, Plant, and Equipment, Net	16	-	16
Other Assets	-	-	-
Total Assets	<u>\$ 54,237,279</u>	<u>\$ 1,460</u>	<u>\$ 54,238,739</u>
Liabilities and Net Position			
Accounts Payable	\$ 618	\$ 15	\$ 633
Other Liabilities	\$ 314	-	\$ 314
Advances from Others and Deferred Revenue	54,232,026	-	54,232,026
Pension and Other Actuarial Liabilities	-	-	-
Commitments and Contingencies	-	38,645,248	38,645,248
Unexpended Appropriations	4,321	1,445	5,766
Cumulative Results of Operations	-	(38,645,248)	(38,645,248)
Total Liabilities and Net Position	<u>\$ 54,237,279</u>	<u>\$ 1,460</u>	<u>\$ 54,238,739</u>
Statement of Net Costs			
Total First Repository and Other Program Costs	\$ 21,712	\$ 96	\$ 21,808
Less Earned Revenues	(21,712)	(96)	(21,808)
Net First Repository Costs	-	-	-
Costs Not Assigned to Programs	-	2,206,335	2,206,335
Net cost of operations	<u>\$ -</u>	<u>\$ 2,206,335</u>	<u>\$ 2,206,335</u>
Statement of Changes in Net Position			
Beginning Balance - Unexpended Appropriations	\$ 12,192	\$ 1,541	\$ 13,733
Appropriations Received	-	-	-
Appropriations Used	(7,871)	(96)	(7,967)
Ending Balance - Unexpended Appropriations	<u>4,321</u>	<u>1,445</u>	<u>5,766</u>
Beginning Balance - Cumulative Results of Operations	\$ -	\$ (37,560,866)	\$ (37,560,866)
Imputed Financing from Costs Absorbed by Others	-	1,121,953	1,121,953
Net Cost of Operations	-	(2,206,335)	(2,206,335)
Ending Balance - Cumulative Results of Operations	<u>\$ -</u>	<u>\$ (38,645,248)</u>	<u>\$ (38,645,248)</u>
Total Net Position	<u>\$ 4,321</u>	<u>\$ (38,643,803)</u>	<u>\$ (38,639,482)</u>

ATTACHMENT

**UNITED STATES DEPARTMENT OF ENERGY
NUCLEAR WASTE FUND**

Notes to the Financial Statements
September 30, 2025

(Dollars in thousands unless otherwise noted)

(11) Funds from Dedicated Collections (continued)

The NWPA requires the owners and generators of nuclear waste to pay their share of disposal costs into the NWF and, to that end, established a fee for electricity generated and sold by civilian nuclear power reactors which the Department must collect and annually assess to determine its adequacy. A special fund within Treasury was created to account for the collection of those fees. Fees collected in excess of expenses incurred are invested in Treasury securities.

The Nuclear Waste Disposal Appropriation included \$20 million appropriated by Congress from the Treasury's General Fund and \$7.5 million from the NWF in both FY 2021 and FY 2022. The funding from the General Fund was appropriated for the Department to proceed with planning for federal consolidated interim storage. All expenditure activity derived from the appropriated general funding source is tracked within the Department's financial system using a unique code, which is accounted for separately from the non-federal receipts that are the majority of the NWF funding source. For FY 2025, the Nuclear Waste Disposal appropriation of \$12.0 million, was derived from the NWF, not the General Fund.

A summary of the status of funds appropriated from the General Fund of the Treasury, and the related historical expenditures within the Nuclear Waste Disposal Appropriation as of September 30, 2025:

<u>Status of Funds</u>	<u>FY 2025</u>
Balance Brought Forward	12,543
Appropriations Received	-
Net Cost	(7,871)
Net Change in Delivered Order Unpaid	63
Fund Balance with Treasury	<u>4,735</u>
 <u>Net Cost</u>	
Waste Acceptance, Storage, and Transportation	7,871
Total	<u>7,871</u>

(12) Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government

The President's Budget for FY 2027, containing actual FY 2025 balances, is expected to be published and available on the OMB website in early 2026. The NWF FY 2024 *Statements of Budgetary Resources* reconciled to the Budget of the United States by combining both of the budgets for Defense Nuclear Waste Disposal (89-X-0244) and Nuclear Waste Disposal (89-X-5227). Budgetary resources and obligations incurred are reconciled to the Departmental balances as published in the Appendix to the Budget; distributed offsetting receipts and net outlays are reconciled to the Departmental Balances in the Federal Program by Agency and Account section of the Analytical Perspectives Volume of the President's Budget.

ATTACHMENT

**UNITED STATES DEPARTMENT OF ENERGY
NUCLEAR WASTE FUND**

Notes to the Financial Statements
September 30, 2025

(Dollars in thousands unless otherwise noted)

(13) Reconciliation of Net Cost to Outlays

Beginning in FY 2019, SFFAS 53, *Budget and Accrual Reconciliation*, amended requirements for a reconciliation between budgetary and financial accounting information established by SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, and replaced the Reconciliation of Net Cost of Operations to Budget. The Budget and Accrual Reconciliation explains the relationship between the entity's net outlays on a budgetary basis and the net cost of operations during the reporting period. This reconciliation serves not only to identify costs paid for in the past, and those that will be paid for in the future, but also assure integrity between budgetary and financial accounting. The table below illustrates this reconciliation by listing the key differences between net cost and net outlays.

Accounts receivable on the reconciliation relate to payments received for spent fuel fees and accrued interest, which resulted in a cash inflow, but did not impact net operating cost. Investments reflect the receipt of interest income on the investment portfolio, which results in a cash inflow, but is included in deferred revenue and not earned until future periods. Other liabilities represent the expense associated with the current year increase in the SNF contingent liability, which did not result in an outlay. Offsetting the SNF contingent liability increase in the other liabilities line was the recognition of deferred revenues commensurate to expenses incurred during the period. Costs paid by Treasury reflect an imputed expense included in net operating cost for payments made by the Treasury Judgment Fund, which does not result in a cash outflow for NWF.

	FY 2025		
	Intra-governmental	With the Public	Total
Net Cost	\$ (826,566)	\$ 3,032,901	\$ 2,206,335
Components of Net Cost Not Part of Budgetary Outlays			
Property, plant, and equipment depreciation	\$ -	\$ -	\$ -
Property, plant, and equipment disposal & reevaluation	\$ -	\$ -	\$ -
Increase/(decrease) in assets:			
Accounts receivable	-	(8,380)	(8,380)
Investments	(1,965,994)	0	(1,965,994)
Advances and Prepayments	-	-	-
(Increase)/decrease in liabilities not affecting Budget Outlays:			
Accounts payable	94	(68)	26
Federal employee and veteran benefits payable	-	881	881
Advances from others and deferred revenue	-	13,841	13,841
Other liabilities	3,894	(1,084,382)	(1,080,488)
Other financing sources:			
Costs paid by Treasury and imputed to agency	(1,121,953)	-	(1,121,953)
Total Components of Net Cost Not Part of Budget Outlays	\$ (3,083,959)	\$ (1,078,108)	\$ (4,162,067)
Miscellaneous Items			
Distributed offsetting receipts			(1,974,374)
Net Outlays (Calculated Total)	\$ (3,910,525)	\$ 1,954,793	\$ (1,955,732)
Related Amounts on the Statement of Budgetary Resources			
Outlays, net			\$ 18,642
Agency Outlays, Net			\$ (1,955,732)

ATTACHMENT

**UNITED STATES DEPARTMENT OF ENERGY
NUCLEAR WASTE FUND**

Other Information - Schedule I
Schedule of Cumulative Net First and Second Repository Costs
For the Forty-Three Years Ended September 30, 2025 – **(Unaudited)**

(Dollars in thousands)

	FY 2025
First Repository Costs	<u>\$ 7,529,912</u>
All Other Program Costs:	
Program Support	2,222,168
Transfers of Appropriations	704,570
Waste Acceptance, Storage and Transportation	813,729
Imputed and Other Costs	<u>152,506</u>
Total All Other Program Costs	<u>3,892,973</u>
Second Repository Costs	108,896
Total First and Second Repository Costs and Other Program Costs	11,531,781
Less Eamed Revenue	<u>(11,513,245)</u>
Cumulative Net First and Second Repository Costs	<u>\$ 18,536</u>

ATTACHMENT

**UNITED STATES DEPARTMENT OF ENERGY
NUCLEAR WASTE FUND**

Other Information - Schedule II
Schedule of Cumulative Billings and Interest and Deferred Revenue
As of and for the Forty-Three Years Ended September 30, 2025— **(Unaudited)**

(Dollars in thousands)

	<u>FY 2025</u>
Intragovernmental:	
Fees billed:	
kWh fees	\$ 996,143
One-time spent nuclear fuel fees	174,598
Defense high-level waste fees and other funds	3,803,312
Interest:	
Income on investments	36,641,379
Other than Intragovernmental:	
Fees billed:	
kWh fees:	18,308,083
One-time spent nuclear fuel fees	2,174,802
Interest:	
One-time spent nuclear fuel fees	2,939,279
Other billings	<u>707,675</u>
Total billings and interest	65,745,271
Less earned revenue	<u>(11,513,245)</u>
Deferred revenue	<u>\$ 54,232,026</u>

FEEDBACK

The Office of Inspector General has a continuing interest in improving the usefulness of its products. We aim to make our reports as responsive as possible and ask you to consider sharing your thoughts with us.

If you have comments, suggestions, and feedback on this report, please reach out at OIG.Reports@hq.doe.gov. Include your name, contact information, and the report number.

For all media-related questions, please send inquiries to OIGpublicaffairs@hq.doe.gov and include your name, contact information, and the report number.