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November 1, 2002

DECISION MEMORANDUM

TO: Council Members

FROM: Terry H. Morlan

SUBJECT: Renewal of Independent Economic Analysis Board Charter

PROPOSED ACTION

Authorize the renewal of the Independent Economic Analysis Board (IEAB) charter.

SIGNIFICANCE

The Council created the Independent Economic Analysis Board in 1997 to provide the Council with advice on incorporating economic considerations into fish and wildlife program decisions. The charter for this advisory committee sunsets every two years and must be renewed. Ability to address economic issues correctly has become increasingly important in the Council's fish and wildlife decisions as economic conditions have put Bonneville's electricity supply in a less competitive economic position.

BUDGETARY/ECONOMIC EFFECTS

The annual contract maximum for the Independent Economic Analysis Board is \$176,000. The actual amount expended depends on tasks assigned by the Council. During the IEAB's participation in the DREW review process, the Corps of Engineers reimbursed the Council for funding the IEAB for that task. In addition to the direct costs of the IEAB, about three months per year of staff time is required to coordinate meetings, develop and manage task orders, keep records, process reimbursements, and prepare minutes.

BACKGROUND

The Northwest Power Act requires the Council to develop a fish and wildlife program for the Columbia River Basin. The Act requires the Council to "utilize, where equally effective alternative means of achieving

the same sound biological objective exist, the alternative with the minimum economic cost.” (Section 4(h)(6)(C)). In addition, 1996 federal legislation requires cost-effectiveness evaluation in prioritization of fish and wildlife measures. The Independent Economic Analysis Board is intended to provide the Council with advice and an increased analytical capability to help bring economics to bear in determining and prioritizing fish and wildlife measures.

In its first six years, the IEAB has developed general principles for economic analysis of fish and wildlife projects, provided reviews and interpretations of economic studies, reviewed fish and wildlife projects as requested by the Council, and served as an independent technical reviewer for the Corps’ Drawdown Regional Economics Workgroup (DREW). The IEAB also participated in an advisory role for the human effects analysis for the multi-species framework process.

ANALYSIS

Attached is a copy of the proposed charter for the Independent Economic Analysis Board. The charter was prepared in accordance with the Federal Advisory Committee Act and the Legal Division’s advice. The charter is the same one approved by the Council in November of 1998 and 2000. It includes changes made in 1998 to the original IEAB charter as follows: (1) specification of a process for appointing IEAB members, (2) establishing 4 year staggered terms for IEAB members, and (3) defining the role of staff coordinator.

RECOMMENDATION

Staff recommends that the Council approve the renewal of the IEAB charter.

ALTERNATIVES

1. The Council could accomplish similar analytical objectives by contracting directly for economic analysis of fish recovery measures. By doing this, the Council would lose some of the benefits that a diversity of views brings to the process. In addition, an advisory board may tend to be viewed as more independent and objective.
2. The Council’s staff has the expertise to accomplish some of this analysis. However, staff would have to be diverted from other work. In addition, the work of the staff would not be perceived as independent and, thus, would carry less weight with the public and agencies and tribes.
3. The Council could request that recommendations submitted in response to a new amendment process include economic analysis. Such analysis also would not be perceived as independent, and would be of inconsistent quality and method. In addition, some of the analytical needs may be for comparisons among proposed measures and methods for incorporating such information into Council decision-making.

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PACIFIC NORTHWEST ELECTRIC POWER AND CONSERVATION PLANNING COUNCIL:

CHARTER OF THE INDEPENDENT ECONOMIC ANALYSIS BOARD

1. Official Designation: This advisory committee will be known as the Pacific Northwest Electric Power and Conservation Planning Council's Independent Economic Analysis Board (Independent Economic Analysis Board).
2. Background: The Northwest Power Act, P.L. 96-501, 16 U.S.C. §839 et seq. (Act), in Section 4(h)(1)(A), requires the Council to develop a fish and wildlife program for the Columbia River Basin. The Act requires the Council to "utilize, where equally effective alternative means of achieving the same sound biological objective exist, the alternative with the minimum economic cost." (Section 4(h)(6)(C)). The negotiation of a federal memorandum of agreement on Bonneville spending for fish and wildlife measures also underscores the importance of cost-effective fish and wildlife investments. In addition, federal legislation adopted in 1996 requires cost-effectiveness evaluation in prioritizing fish and wildlife measures. The Independent Economic Analysis Board is intended to provide the Council with advice and an increased analytical capability to help bring economics to bear in determining and prioritizing fish recovery measures. This advisory committee is established as part of a network of advisory committees satisfying the Council's obligation under the Act to establish a Scientific and Statistical Advisory Committee. 16 U.S.C. §839b(c)(11). Under section 4(a)(4) of the Act, the terms of the Federal Advisory Committee Act, 5 U.S.C. Appendix I, Sections 1-14, apply "to the extent appropriate" to the Council's advisory committees. 16 U.S.C. §839b(a)(4).
3. Objectives and Scope of Activity: The Independent Economic Analysis Board will advise the Council on the appropriate methods of economic analysis for proposed fish recovery measures. This advice will include the appropriate role and limits of economic analysis in making policy decisions. The Independent Economic Analysis Board will fulfill this role by:
 - (A) Interacting as a committee with the Council regarding methods of economic analysis for alternative fish recovery measures.
 - (B) Assisting the Council to evaluate new analytical tools, and advising on the most appropriate study designs.

- (C) Helping to identify sources of information and data.
 - (D) Performing specific tasks assigned by the Council on a cost reimbursement basis.
 - (E) Assisting in the review and interpretation of study results.
4. Official to Whom the Advisory Committee Reports: The Independent Economic Analysis Board will report to the Executive Director of the Council.
 5. Authority of the Advisory Committee: The Independent Economic Analysis Board will serve in an advisory capacity only. Neither the Committee nor its members are authorized to make statements or commitments on behalf of the Council. Committee members will not be considered to be members of the Council staff.
 7. Advisory Committee Management Officer: The Advisory Committee Management Officer for the Independent Economic Analysis Board will be the Director of the Council's Fish and Wildlife Division. The Management Officer will designate members of the Council's staff to attend meetings of the Committee.
 8. Staff Coordinator: A Staff Coordinator for the Independent Economic Analysis Board will be appointed by the management officer. The Staff Coordinator will be responsible for organizing meetings, coordinating work with the Council, and managing the business functions.
 9. Appointment of Independent Economic Analysis Board Members: Members will be appointed through a process of nomination, screening by a peer group of economists, and Council verification of independence. Nominations will be solicited through a public announcement of intent to appoint a new member or members. Applications will be screened and ranked by a nominating committee composed of 3 regional economists chosen, if possible, from the Board of Directors of the Pacific Northwest Regional Economic Conference and assisted by the Staff Coordinator. The nominating committee will submit its recommendations to the Council who will make the final selection based on the committee's recommendations and public comment regarding qualifications and perceived independence.
 10. Length of Board Membership: Independent Economic Analysis Board members will serve four year terms. Terms will be staggered to maintain some continuity to the board at all times. Members may apply and be reappointed to the board through the nomination process.
 11. Chairperson:
 - (A) The Chairperson will be elected by the Independent Economic Analysis Board.
 - (B) The Chairperson may be called upon to report to the Executive Director of the Council on appropriate matters, including the Advisory Committee's progress on the tasks described in Part 3 of this Charter.

- (C) The duties of the Chairperson will include presiding over Independent Economic Analysis Board meetings, ensuring that detailed minutes of such meetings are prepared and submitted to the Executive Director of the Council in a timely manner, and maintaining communication between the Committee and the Council's staff.
 - (D) The Chairperson will certify detailed minutes of meetings of the Independent Economic Analysis Board. The minutes should include a description of matters discussed, conclusions reached, actions taken, persons invited to meet with the Committee, and persons in attendance. The minutes also will include copies of reports received, issued or approved by the Committee. Minutes of meetings will be prepared and released within ten days of the meeting, unless an extension is granted by the Management Officer. The Management Officer will distribute copies of the minutes to members of the Committee and the other interested persons.
 - (E) Small sub-groups of the Independent Economic Analysis Board may be established by the Chairperson of the Committee to undertake particular aspects of the Committee's work. Methods for organizing the work and procedures of the Committee must follow the scope of responsibilities assigned to the Committee by the Council. The work of the staff for the Committee will include making arrangements for Committee meetings, solving logistical problems, and providing clerical services.
12. Vice-Chairperson: A Vice-Chairperson may be appointed by the Independent Economic Analysis Board. The Vice-Chairperson will perform the duties of the Chairperson of the Independent Economic Analysis Board in the absence of the Chairperson, and such other duties as the Chairperson of the Committee may assign.
 13. Policy: The advisory committee policy approved and adopted by the Council on May 17, 1982, as amended from time to time, will apply to the Independent Economic Analysis Board.
 14. Estimated Frequency of Committee Meetings: The Chairperson of the Independent Economic Analysis Board, after consultation with the Management Officer, or his designee, will call meetings as necessary. All meetings will be open to the public, unless closed pursuant to 5 U.S.C. §552b(c). Timely notice of meetings, including agendas, will be given. Interested persons may attend Committee meetings and appear before or file statements with the Committee, subject to such reasonable rules as the Committee may prescribe.
 15. Reimbursement of Expenses: The Council will reimburse Independent Economic Analysis Board members for their time, as determined by the Council, and travel costs, including per diem in lieu of subsistence in accordance with the Council's travel regulations for contractors and advisory committee members, for the purpose of attending Committee meetings as authorized by 5 U.S.C. §5703. In addition, the Council may contract with Board members or others to carry out specific task assignments. In particular cases, and with Council approval, the Independent Economic Analysis Board may recommend the use of consultants to accomplish an assigned task.

16. Duration: The Independent Economic Analysis Board will terminate two years from the filing date of this Charter, unless renewed in accordance with the Federal Advisory Committee Act. All members of the Committee serve at the pleasure of the Council.

This Charter for the Independent Economic Analysis Board was approved and adopted at a duly called meeting of the Pacific Northwest Power and Conservation Planning Council,

_____, in _____, _____.

PACIFIC NORTHWEST ELECTRIC POWER
AND CONSERVATION PLANNING COUNCIL

By: _____
Frank L. ("Larry") Cassidy, Chairman

Date Filed: _____

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