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Frank L. Cassidy Jr.
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Joan M. Dukes
Vice-Chair
Oregon

Melinda S. Eden
Oregon

Bruce A. Measure
Montana

Rhonda Whiting
Montana

May 22, 2007

DECISION MEMORANDUM

TO: Council members

FROM: Terry Morlan
Director, Power Planning

SUBJECT: Approve the Appointment of John Duffield to the IEAB

PROPOSED ACTION: Approve the appointment of John Duffield to the Independent Economic Analysis Board to fill the remaining term of Ken Casavant, who is resigning from the IEAB.

SIGNIFICANCE: At the IEAB meeting on May 21, 2007, Ken Casavant announced that he wished to resign from the Board due to time constraints imposed by his other work. The alternate recommendation from the 2006 PNREC review committee in case one of the four recommended members was unable to serve was Dr. John Duffield.

BUDGETARY/ECONOMIC IMPACTS

This decision will have no budgetary impacts. It will simply replace one IEAB member with a new one.

BACKGROUND

The process for appointing IEAB members is specified in the IEAB charter. A committee made up from the Board of Directors of the Pacific Northwest Regional Economic Conference (PNREC) evaluates candidates who apply for IEAB membership in response to a Council announcement. Every other year four of the IEAB members' terms expire and new members are solicited. The applications are reviewed by the PNREC nominating committee and they recommend the best qualified for IEAB appointment. These nominations are announced for public comment, and then the Council makes its decision on appointments.

The Council has usually followed the PNREC nominating committee's recommendations, but if there were concerns, for example, about the independence or objectiveness of a nominee, the Council could select a different applicant. Typically the PNREC nominating committee has provided the name of the next best qualified applicant to assist the Council in making such a

decision. In 2006, the PNREC nominating committee recommended Dr. John Duffield as the first alternate. The nominating committee's recommendation letter for 2006 is attached for your information.

ANALYSIS

The charter of the IEAB did not originally provide a process for appointing replacement members in case a member resigned mid-term. The charter that you are asked to approve at this Council meeting adds this process. Essentially, it provides that the PNEC nominating committee would specify, if possible, alternate candidates that are qualified for the IEAB. These alternates would then be offered a position on the IEAB if a position becomes vacant before the regular two-year replacement cycle. Since John Duffield was designated as an alternate qualified candidate in the 2006 evaluations, it is proposed that he be offered a position on the IEAB, to fill the remaining term of Ken Casavant. I have attached an application letter a resume for John Duffield for your information. It may also be of interest that he served on the Council's original Demand Forecasting Advisory Board for the first Power Plan.

ALTERNATIVES

- 1) Appoint Dr. John Duffield to fill the remaining term of Ken Casavant. This is staff's recommendation.
- 2) Leave Ken Casavant's position vacant until the end of fiscal year 2008 when new members are solicited and evaluated by the PNREC nomination committee. This would reduce the amount of work that could be accomplished by the IEAB over the next year and a half.

ATTACHMENTS

I have attached the letter from the 2006 PNREC nominating committee and a letter of application and resume from John Duffield.

Attachments

November 1, 2006

MEMORANDUM

TO: Northwest Power and Conservation Council

FROM: Pacific Northwest Regional Economic Conference Nominating Committee

SUBJECT: Nominees for Independent Economic Analysis Board

The Pacific Northwest Regional Economic Conference (PNREC) Nominating Committee for appointments to the Council's Independent Economic Analysis Board (IEAB) has evaluated 6 applicants to fill four open positions on the IEAB. In this memorandum, we provide our recommendations for the best-qualified candidates.

The committee evaluated the applicants primarily against the four criteria listed below, with assigned weights in parentheses:

1. Qualifications and experience in areas of economic analysis relating to fish and wildlife policies or the potential effects of those policies on other sectors of the economy (0.4);
2. Ability to provide credible advice and analysis that is objective and independent, and widely perceived to be so (0.3);
3. Familiarity with Pacific Northwest salmon policy issues (0.1);
4. Contribution to a diversity of relevant expertise on the IEAB (0.2).

Each nominating committee member scored each applicant on each of the criterion on a scale of 1 to 5. Individual nominating committee member's scores for a candidate were weighted by the weighting factors to get a weighted average score. The highest possible score for an applicant would be a 5. Each committee member submitted his rating to Terry Morlan of the Council staff. There was substantial agreement among the ratings of the committee members and in a conference call on October 31, 2006 we reached unanimous agreement on our recommendations.

The committee selected 4 applicants that are well qualified to fill the IEAB positions. Each of these applicants had an average score across all three nominating committee members of greater than 4.7. We understand that independence is an important issue for the IEAB and have attempted to assess that. However, it is our understanding that the Council will further test that conclusion by providing an opportunity for public comment on these proposed IEAB members.

There was agreement among the committee members that the following four persons should be appointed to the IEAB. In fact, all four of these applicants are current members of the IEAB who applied for reappointment. The committee evaluated two other applications, but they scored lower than the four incumbents.

Recommended Appointees:

- Dr. Joel Hamilton - Current IEAB member, Professor Emeritus University of Idaho, and consulting economist
- Dr. Susan Hanna - Current IEAB and ISAB member and Professor of Marine Economics at Oregon State University
- Dr. Noelwah Netusil - Current IEAB member and Stanley H. Cohen Professor of Economics at Reed College
- Dr. Lon L. Peters - Current IEAB member and President of Northwest Economic Research, Inc.

First Alternate Recommendation:

If Council finds that any of the recommended appointees could not be appointed based on public comment or concerns about independence, the nominating committee recommends that Dr. John W. Duffield be considered as the first alternate appointee.

The Board of the Pacific Northwest Regional Economic Conference is pleased to assist the Council in its selection process for this important committee.

From the Members of the PNREC Nominating Committee:

Dr. Tom Potiowsky
Department of Economics
Portland State University

Dr. William B. Beyers
Department of Geography
University of Washington

Mr. Scott Bailey
Washington ESD