

**Southwest Power Pool
INDEPENDENT SYSTEM OPERATOR TASK FORCE
Report to the Board of Directors
July 20, 1999 (6/28/99 Draft)**

Background

Early Activities

SPP's Independent System Operator (ISO) deliberations began officially at a January 24, 1997 called meeting of the Board of Directors when the Staff was directed to research ISO benefits and formation alternatives for members. The ISO model was an expansion of FERC's Regional Transmission Group concept and surfaced at a January 24, 1996 technical conference during deliberation of FERC Docket No. RM95-8-000, "Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities." ISO formation was seen by the FERC at that time as a method to address full competition and comply with open access and comparability requirements in administering regional transmission service. An ISO was also intended to alleviate market power without utility divestiture of transmission assets.

The SPP Staff met with a small advisory group of SPP representatives on February 28, 1997 to explore a process of moving forward on the ISO issue. At a March 21, 1997 called meeting, the Board of Directors approved creation of an ISO Task Force (ISOTF) reporting to the Board of Directors to develop an ISO implementation plan for consideration at the November 1997 Board of Directors meeting. This task force was to use an open and balanced process and was to hold public workshops to encourage participation from non-members including environmental, industrial, regulatory and labor constituencies. ISOTF representation is equally divided between transmission owners and customers and its current members are:

Transmission Providers

Bob Zemanek, CESW, Co-Chair
Mel Perkins, OKGE
J. M. Shafer, WEFA
Henry Janhsen, SWPS
Dick Dixon, WERE

Transmission Customers

Dick Ingersoll, ENRON, Co-Chair
Ricky Bittle, AREC
David Christiano, SPRM
Marvin Carraway, CLWL
Lydia Vollmer, PECO

John Marschewski, SPP, Secretary

The ISOTF met initially on May 9, 1997 and 19 more times to date. Staff established an email exploder for distribution of related information so that all ISOTF members and all interested parties automatically receive messages and are able to provide comments to all parties. During initial deliberation, two public conferences were held on June 26-27 and October 2-3, 1997. In addition, the ISOTF work was discussed at regular committee and board meetings that are open to all interested parties. At their November 11, 1997 meeting the Board of Directors approved a series of design principles to guide detailed development of necessary documents for filing with the FERC for recognition of SPP as an ISO. A third public conference was held on April 2-3, 1998.

Other ISO Efforts

To facilitate deliberation of developing an ISO for SPP members, the ISOTF discussed general “book-end” approaches to ISO formation. The comparisons were relative in nature, and relevant only to ISO efforts under discussion at the time the comparison was made; namely by Midwest, PJM, NEPOOL, California, ERCOT, MAPP, INDEGO, and NYPP. The comparison was also limited to meeting FERC ISO principles dealing with functionality. The remaining principles dealt mostly with administrative processes that were similar across approaches and, once decisions are made, have little to do with implementation steps or costs.

Though ERCOT is not a FERC recognized ISO, their approach was included in this consideration because several characteristics minimally meet FERC ISO principles. The ERCOT approach does not transfer physical facility control to an independent regional facility. The ERCOT ISO does not function as a single control area. The ERCOT ISO has operational authority control over multiple control areas in the region, an approach that is less expensive to implement and delegates detailed response to physical control by individual members. Operational cost was below \$10 million per year.

The California ISO approach is clearly the most extensive effort taken toward ISO formation and includes transferring physical facility control to a single regional facility acting as a single control area. This ISO dispatches generation as part of an energy exchange and assumes full liability for all its actions. All facility additions will be determined and made by the ISO. A trustee developed the proposal and was responsible for the entire FERC filing process. Operational cost was above \$300 million per year.

The ISOTF also considered potential consolidation with the Midwest or MAPP ISO efforts due to concerns that, as separate ISO's form, the boundary issues create more problems and gaming opportunities than benefits. Several SPP members are on the border of multiple ISO efforts and are forced to evaluate them individually and select one to participate in, simply moving the border issues to others. ISOTF members believed that this evaluation should occur before individual ISO efforts were implemented. Once separate efforts are in place, it will be more difficult to solve border issues and to consolidate functionality. The ISOTF agreed that the SPP development efforts should continue without delay in order to know what SPP's position is for comparison with the other regional efforts. Once this is done, the Board of Directors can consider the benefits of a joint effort versus an individual SPP ISO.

Evolutionary Steps

Throughout SPP's ISO deliberation process, the ISOTF focused on what services the SPP organization needed to provide, and less on what the organization is to be called. The ISOTF believed that SPP was headed in the right direction with recent implementation of independent regional security coordination and independent

administration of a regional tariff. Building on this evolutionary history, the ISOTF recommended a three-step implementation approach to provide needed services that members want, rather than undertaking revolutionary changes for the sake of a name. This evolutionary approach also responded to a particular desire for multiple membership options that allow participation in SPP reliability functions without requiring independent administration of transmission facilities. On May 12, 1998 the Board of Directors approved many Bylaws modifications identified as currently beneficial by the ISOTF. The Board of Directors also approved continued work on complete regional transmission service, final modifications to Bylaws, and development of membership/agency agreements and planning criteria necessary for a FERC filing to be made only upon subsequent Board of Directors concurrence.

The ISOTF assigned development of the comprehensive regional transmission service tariff to the Regional Pricing Working Group (RPWG). The RPWG also contains balanced representation between transmission owners and customers and its current members are:

Transmission Providers

Richard Dixon, WERE, Chair
James Armke, CESW
John Gunesch, OKGE
Gary Roulet, WEFA
Wes Berger, SWPS
Jim Sherwood, SWPA
Ron Kite, KCPL

Transmission Customers

Ricky Bittle, AREC
Gene Anderson, OMPA
Scott Helyer, Tenaska
Bob Bennett, Aquila
Kim Casey, Dynege
Charles Yeung, ENRON
Marvin Carraway, CLWL

Steve Dottheim, MOPUC
Pat Bourne, SPP, Secretary

The RPWG met 28 times during SPP's ISO deliberations. During comprehensive tariff development, the RPWG discussed how to best respond to ISOTF direction for the addition of both long term firm point-to-point and network service by November 1998, while at the same time making necessary improvements to the existing tariff as soon as possible. Following considerable debate, the RPWG agreed to recommend to the ISOTF an expanded tariff to add long term firm point-to-point service to the existing regional tariff with a related filing as soon as possible. On November 11, 1998, the Board of Directors approved a FERC filing for expansion of SPP's regional tariff to add long-term firm transmission service that began April 1, 1999.

SPP Functionality Relative to Retail Access

SPP's draft Bylaws and membership agreement are silent on the issue of SPP functionality relative to retail access. There is no language specifically allowing for or precluding retail access functionality. The documents are designed for flexibility regarding retail access. The tariff contains FERC's language relative to any state action allowing retail access and that SPP's tariff administration processes are being designed

with retail access in mind. The ISOTF recognizes that market participant certification and imbalance service (load profiling) would be needed functions for implementation of retail access. However, it is premature to determine SPP's role.

Recent Activities

Early in the debate on regional transmission service, another evolutionary approach was proposed to avoid delay in adding network services in pursuit of ISO recognition. While some expressed concern that these intermediate steps were delaying ultimate ISO implementation, others believe this evolutionary approach was consistent with previous SPP action on transmission pricing and appropriate given uncertain FERC ISO policy, while achieving 80% of the benefit with 20% of the effort.

There have been several issues difficult to resolve with the typical approach to an ISO involving a filing under Section 203 of the Federal Power Act to transfer operational control of transmission facilities to SPP. Some believe that Section 203 filings ultimately lead to a single regional average rate. Of great significance is the shifting of transmission costs between customers as the transition occurs from zone rates (each transmission owner's current rate) to a single regional average rate. Though access to a larger market is afforded by ISO formation and could justify higher transmission costs, many small transmission customers have entered into long-term agreements for local resources. Regional access is simply not that beneficial to these customers, regardless of price. Also troublesome is the failure to recover revenue requirements during the transition period because not all load is under a single tariff.

An additional significant concern with Section 203 filings is that SPP would become a public utility under the Federal Power Act, thereby becoming FERC jurisdictional and subject to FERC administrative fees estimated at \$8 million per year. These fees are currently pancaked on those individually paid by ISO members. Neither FERC jurisdictional status nor related overheads provide any benefit to SPP members. Section 203 filings also require state filing processes and related delays. Many believe that Section 203 filings could also impede transmission company participation.

In response to these concerns, a regional transmission organization model was proposed that would maintain the current agency agreement relationship between transmission owners and SPP for independent security coordination and tariff administration, leaving the transmission owners individually responsible for the return on equity for their facilities. This proposed approach is meant only to resolve the issues stated above; maintenance of individual Transmission Owner return of equity, and maintenance of zone rates to minimize cost shifting and maximize revenue requirement recovery. To ensure consistency of independent operation, the same membership agreement will be executed by Transmission Owners and filed with the FERC, regardless of which facility transfer approach is selected. For jurisdictional entities, FERC approval will be required for termination of the agency agreement.

This proposed approach provides no difference in SPP functionality in the following areas:

- Non-discriminatory administration of all transmission services,
- Independent security coordination (non-discriminatory use of line loading relief),
- Congestion management (both redispatch and construction of new facilities), and
- Regional coordination and planning of transmission system additions.

Also, no differences exist with respect to tariff terms and conditions, revenue allocation or the provision of ancillary services between the facility transfer mechanisms.

Differences do exist between the facility transfer mechanisms in the following areas:

<u>Agency Agreement</u>	<u>Section 203 Filing</u>
SPP not FERC regulated	SPP becomes "Public Utility" and therefore FERC regulated
Owners pay FERC administrative assessments	SPP pays FERC administrative assessment and possibly owners as well
Perpetual zone rates	Transition to single rate
New facilities rolled into zone rate	New facilities rolled into SPP rate
Grandfathered contracts maintained	Grandfathered contracts maintained subject to FERC approval
No impact on joint ownership agreements	Potential impact on joint ownership agreements
Owner rate base facilities	All facilities 60 kV and above & FERC's "7 factor test"

Following lengthy debate, the ISOTF and RPWG recommended pursuing development of a regional transmission organization implemented by virtue of an agency agreement between owners and SPP, and with no option of transferring facilities to SPP via a filing under section 203 of the Federal Power Act. This new agency agreement is accomplished by the new Membership Agreement being developed by the ISOTF. The Board of Directors concurred with this course of action at their May 13, 1999 meeting and scheduled the July 20, 1999 called meeting for consideration of the comprehensive tariff and other ISO documents.

FERC Notice of Proposed Rulemaking on Regional Transmission Organizations

The ISOTF has reviewed FERC's Notice of Proposed Rulemaking (NOPR) on Regional Transmission Organizations (RTO) with respect to SPP's current draft documents. The ISOTF characterizes FERC's action as more of a notice of inquiry than a notice of proposed rulemaking due to the numerous questions being asked in the document. Relative to SPP's draft ISO documents, FERC states a preference for non-stakeholder boards, suggests the requirement for Sections 203 filings for transfer of operational control, states interest in mechanisms for trading of transmission rights, and suggests RTO provision of ancillary services as a last resort. FERC stated openness to incentive rates and perpetual zone rates. The ISOTF believes that SPP should file comments on this NOPR under the direction of the ISOTF to encourage favorable consideration of SPP's approach to regional independent security coordination and tariff administration.

Proposed Comprehensive Tariff

The following table describes SPP's evolutionary regional tariff approach and highlights major attributes of the proposed comprehensive regional transmission service tariff.

	<u>Original Tariff</u> (June 1, 1998)	<u>Expanded Tariff</u> (April 1, 1999)	<u>Comprehensive Tariff</u> (Proposed)
<u>Services</u>	Non-Firm and Short Term Firm	All Point-to-Point Services	Point-to-Point and Network
<u>Pricing</u>	MW-Mile	Non-Firm and Short Term Firm pay MW-Mile rate. Long Term Firm pays host zone rate if load is in SPP. Otherwise, pays weighted average of zones.	Point-to-Point service pays host zone rate if load in SPP. Otherwise, pays least rate of interconnected zones. Network service pays host zone rate.
<u>Revenue Allocation</u>	MW-Mile	Short Term revenue allocated per MW-Mile impacts. Long Term revenue is allocated to host zone if load & generation are in that host zone. Otherwise, allocated 50% by MW-Mile & 50% by revenue requirements.	Point-to-Point revenue is allocated to host zone if load & generation are in that host zone. Otherwise, allocated 50% by MW-Mile & 50% by revenue requirements. Network revenue is allocated to host zone(s) by load ratio share.

This tariff approach is consistent with information provided to the Board of Directors at their May 13, 1999 meeting. The ISOTF is proposing a FERC filing of these tariff modifications adding network service to SPP's regional transmission service tariff and replacing MW-Mile pricing with zonal postage stamp rates.

Proposed Bylaws Modifications

The ISOTF has developed proposed modifications to SPP's Bylaws that they believe will satisfy the FERC at whatever time the Board of Directors may decide to seek FERC recognition as an ISO or RTO. The major differences between the current Bylaws and the proposed Bylaws are:

- Two membership categories for committee and membership voting,
- Three board sectors – transmission owner, transmission user, and independent,
- Significant reference to a substantial membership agreement,
- Addition of an indemnification section,
- Reference to compliance penalties,
- Modified cost assessment algorithm, and
- Quorum requirements for committees and the membership changed to “those present.”

The ISOTF believes that these Bylaws modifications should become effective January 1, 2000 subject to the transition provisions. The significant administrative change will be modification of the Board of Directors and the ISOTF believes that the Member directors under the new Bylaws should be elected at the 1999 Meeting of Members in November. The ISOTF also believes the independent directors should be elected at a Meeting of Members held just prior to the May 11, 2000 Board of Directors meeting. Though the actual selection process can be left to a nominating committee, the following slate is consistent with the proposed Bylaws provisions.

NUMBER OF DIRECTORS

<u>Sector</u>	<u>1 year term</u>	<u>2 year term</u>	<u>3 year term</u>
Transmission Owning	2	3 ⁴	2 ⁴
Transmission Using	3 ¹	2 ²	2 ³
Independent	2	2	2 ⁵

¹ 1 Cooperative, 1 Municipal and 1 IPP or Marketer.

² 1 Cooperative, 1 IPP or Marketer.

³ 1 Municipal, 1 IPP or Marketer.

⁴ At least 1 non-IOU.

⁵ Seventh Independent Director is President.

These Bylaws modifications are consistent with information provided to the Board of Directors at their May 13, 1999 meeting.

Proposed Membership Agreement

The ISOTF has developed a proposed SPP Membership Agreement that they believe will satisfy the FERC at whatever time the Board of Directors may decide to seek FERC recognition as an ISO or RTO. This agreement is greatly expanded over SPP's current agreement that is a little more than one paragraph and simply obligates members to abide by the Bylaws. The proposed agreement specifies in detail the commitments, rights, powers and obligations of members and SPP in the maintenance of a reliable and equitable electric system. The agreement is also structured to serve as the agency agreement forming the relationship between transmission owners and SPP for independent administration of service over their facilities pursuant to SPP's regional tariff. This is also greatly expanded over the current agency agreement.

Though the document is comprehensive, much of the agreement simply documents functionality already in place in the administration of security coordination pursuant to SPP criteria and administration of transmission service pursuant to SPP's regional tariff. However, this contractual mechanism is important as SPP's responsibilities continue to expand and the nature of market participants continues to diverge. Of significance, SPP's coordination over transmission and generation maintenance is expanded over the current level. The ISOTF believes the new membership agreements should be

executed as an agency agreement by Transmission Owners prior to filing of the comprehensive tariff, and executed by all other members no later than October 31, 1999. The proposed Membership agreement is consistent with information provided to the Board of Directors at their May 13, 1999 meeting except that the three year commitment for Transmission Owner has been reduced to one year, and the scheduling functionality for grandfathered service under individual Transmission Owner tariffs has been removed.

Proposed Budget

A detailed proposed budget is attached for initial implementation of the documents related to this report that considers two factors. First, a significant portion of network service will be grandfathered under individual Transmission Owner tariffs, possibly for several years, meaning SPP's additional overhead will increase only as this service transitions to the comprehensive regional tariff. Second, the ISOTF decided to maintain individual control area responsibility for scheduling regional service and grandfathered service under Transmission Owner tariffs.

The proposed initial budget contains incremental cost in 1999 of \$104,750 and \$628,936 in 2000 and on. Major cost in 1999 is for outside consulting and legal services. Major cost in 2000 and on is primarily for identification, compensation and expenses of independent directors and the addition of two staff positions. The Budget Working Group is reviewing the proposed initial budget and will make an independent recommendation to the Board of Directors.

As more network service transitions to the regional tariff, Staff has identified four additional positions as necessary; a senior engineer, a compliance auditor, an accountant and a secretary. Staff will recommend these positions to the Board of Directors, as their functionality is required. The Security Working Group has a Scheduling Task Force charged with reviewing SPP acting as a scheduling agent for all transmission service. This group is to define benefits, procedures, cost and cost responsibility for membership review in the near future and this functionality may be included in the 2000 budget. Staff has initially identified nine additional positions as necessary for scheduling agent functionality; 6 coordinators (1 shift position), 1 shift supervisor and two information technology specialists.

Proposed Implementation Dates

The ISOTF recommends the following implementation process and schedule:

<u>DATE</u>	<u>ACTION</u>
July 20, 1999	Seek Board of Directors approval of comprehensive tariff for filing with the FERC and approval of the Bylaws and Membership Agreement, both effective January 1, 2000.
August 1, 1999	Staff begins implementation of incremental functionality and seeks Transmission Owner signatures of Membership Agreement as

	Agency Agreement only. Staff also seeks signatures on new Membership Agreement.
August 21, 1999	File comprehensive tariff with the FERC.
October 31, 1999	Members sign new Membership Agreement or submit notice of termination.
November 1, 1999	Implement zonal rates for all point-to-point service.
January 1, 2000	Effective date of new Bylaws and Membership Agreement.
February 1, 2000	Implement regional network service.
May 11, 2000	Independent Board directors elected.

ISO/RTO Filing

Any SPP ISO or RTO filing package must ultimately contain SPP's Articles of Incorporation, Bylaws, Criteria, and all Membership Agreements. To maintain maximum flexibility, the ISOTF believes there is merit in not placing these documents under FERC jurisdiction until FERC policies on regional organizations are better known. The ISOTF believes that the decision to seek FERC recognition of RTO status should be deferred until: 1) issuance of a related order by the FERC, 2) approval and implementation of the proposed Bylaws, and 3) implementation of the comprehensive tariff.

Recommendations

1. The ISOTF recommends that the Board of Directors approve SPP filing comments on FERC's Regional Transmission Organization Notice of Proposed Rulemaking by August 16, 1999 under the direction of the ISOTF to encourage favorable consideration of SPP's approach to regional independent security coordination and tariff administration.
2. The ISOTF recommends that the Board of Directors approve the filing of the attached comprehensive tariff with the FERC to replace MW-Mile pricing with zonal postage stamp rates for all point-to-point service by November 1, 1999, and to add network service to SPP's regional transmission service tariff by February 1, 2000.
3. The ISOTF recommends that the Board of Directors approve the attached modification to SPP's existing Bylaws with an immediate effective date to facilitate transition to the proposed new Bylaws by electing Member directors under the proposed Bylaws at the 1999 Meeting of Members.
4. The ISOTF recommends that the Board of Directors approve the attached Bylaws modifications with an effective date of January 1, 2000, subject to the transition provisions on election of independent directors at a Meeting of Members to precede the May 11, 2000 meeting of the Board of Directors.
5. The ISOTF recommends that the Board of Directors approve the attached Membership Agreement with an effective date of January 1, 2000 for execution by membership prior to October 31, 1999. The ISOTF also recommends that the Board of Directors approve the attached Membership Agreement as a replacement for the existing Agency Agreement with an effective date of November 1, 1999 or as the comprehensive tariff is accepted by the FERC. SPP will seek Transmission Owner execution of these agreements prior to filing of the comprehensive tariff.
6. The ISOTF recommends that the Board of Directors approve the attached incremental cost budget for initial implementation of the functionality contained in this report of \$104,750 in 1999 and \$628,936 annually thereafter.
7. The ISOTF recommends that the Board of Directors defer the decision to seek FERC recognition of Regional Transmission Organization status until issuance of a related order by the FERC, implementation of the proposed Bylaws and implementation of the comprehensive tariff.

**SPP Budget for Initial Comprehensive Tariff Implementation
Incremental Cost (1999 Dollars)**

	Capital	O&M	Added 1999	Annual 2000-2002	
Facilities					
Office Space		25,000	4,000	25,000	
Furniture			5,000		
PC's			10,000		
Remodeling			10,000		
Subtotal		25,000	29,000	25,000	
Administration					
Board Search	200,000			106,000	(76000+30000)
Board Compensation		180,000		180,000	(30000x6)
Board Expenses		36,000		36,000	(1500x4x6)
Outside Services		50,000	25,000	50,000	
Legal		50,000	30,000	50,000	
Travel		6,000	3,000	6,000	
Training		3,000	3,000	3,000	
Insurance		5,000	1,250	5,000	
Subtotal	200,000	330,000	62,250	436,000	
Personnel					
Salaries		115,100	7,000	115,100	
Benefits		41,436	2,500	41,436	
Relocation	30,000		4,000	11,400	
Subtotal	30,000	156,536	13,500	167,936	
Total	230,000	511,536	104,750	628,936	

Notes:

1. Capital costs spread over 3 years at 0.38 per year.
2. Annual income from SPP's tariff administration fee, applied only to point-to-point transmission service, for 1999, 2000 and 2001 is projected to be \$1,563,948, \$13,262,344 and \$20,520,588 respectively.

Justification for Additional Staff Positions For Implementation of Comprehensive Tariff

Transmission Engineer

Engineering work related to evaluating the impact of requests for network service on the transmission system will place additional burden on the existing engineering staff. This evaluation and assessment will require extensive coordination with transmission owners and will expand the coordinated planning processes beyond those in the existing point-to-point tariff. Though the change in the point-to-point rate structure from MW-Mile to zonal postage stamp reduces some accounting burden, the engineering staff requirements remain the same because revenue allocation will continue to be based on MW-Mile calculations. Additional responsibilities related to the provision of network service will require experienced personnel. However, due to the experience level of existing engineering staff and the anticipated slow pace of initial requests, addition of an entry-level engineer to assist senior staff should provide adequate manpower to meet responsibilities.

Recommendation

The President recommends addition of a full time position at Level 30 compensation with the title "Transmission Engineer," reporting to the Manager, Engineering. This entry-level engineer would be responsible for assisting in development, maintenance, and coordination of SPP activities related to the provision of transmission service under SPP's regional tariff.

Information Technology Specialist

Software and telecommunications work related to the provision of network service under SPP's regional tariff will require modification of existing processes for requesting and scheduling service. Though significant systems are in place to provide these services, additional support is necessary to develop and maintain new software for customer interface, coordinator evaluation and accounting. Systems and processes to be modified include, but are not limited to; integration of tagging data for use in billing, OASIS and OASIS automation, security coordination, and scheduling under the new network operating agreement.

Recommendation

The President recommends addition of a full time position at Level 55 compensation with the title "Senior Information Technology Specialist" reporting to the Manager, Information Technology. This person would be responsible for development, maintenance, and support of software and processes needed for administering regional transmission service and providing assistance to other software processes.

9.0 Forward Transition Provisions

For the purpose of transitioning from these Bylaws to Bylaws approved by the Board of Directors on July 20, 1999 with an effective date of January 1, 2000, the following shall supercede the composition of the Board of Directors provisions contained in Section 3.3 for purposes of electing directors at the 1999 Meeting of Members.

- a. The term of all directors elected or appointed under the July 20, 1999 Bylaws shall terminate upon the election of new directors pursuant to the following provisions.
- b. At the November 9, 1999 Meeting of Members, the Membership shall elect a Board of Directors consisting of 14 persons whose terms shall commence upon their election.
- c. Election ballots shall be prepared according to provision of Section 3.3 and priority consideration shall be afforded by the Nominating Task Force to existing directors to promote consistent and smooth transition of governance.
- d. Seven directors shall be representatives of Members that have placed more than 500 miles of non-radial facilities operated at or above 60 kV, under the independent administration of SPP for the provision of regional transmission service (Transmission Owning Members), and seven directors shall be representatives of remaining Members (Transmission Using Members). Within the Transmission Using Member sector, 2 directors shall be representatives of municipal Members (including Municipal joint action agencies), 2 directors shall be representatives of cooperative Members, and 3 directors shall be representatives of marketer and/or independent power producer members. Within the Transmission Owning sector, at least two directors shall be representatives of non-investor owned utilities.
- e. If Membership is insufficient to meet these provisions the Nominating Task Force shall make appropriate recommendations to the Membership, such that the number of Transmission Owning directors and Transmission Using directors shall be equal.
- f. Upon their election, the directors within each sector shall be placed into 1, 2 or 3 year terms determined by lottery.