

## 2025 Chairman's Report

With four new board members and a new general manager, this year saw a fresh perspective from the new directors, mixed with sound guidance from the remaining directors. In addition to our routine responsibilities, our focus over the past year was on improving the board's governance, reviewing our investments, and getting a better handle on how costs are tracked. We have been working with the general manager to address specific compliance concerns that were identified as a priority.

Our biggest challenge with the high turnover was the void of information, past correspondence and status of key activities. This was most noticeable for the chairman and general manager positions where past information was more or less non-existent. As a result, we have created email accounts for key positions, including the chairman, that will be passed onto the next person to fill the position. Information is now saved on the Phoenix server rather than local computers; these files will remain on the server as property of Phoenix Gas.

The current board felt that governance was a particular weakness and, as such, we committed significant effort towards putting in place practices that saw the board work as a group where everyone has an equal standing. There were several concerns that prompted many of the new directors to get involved with the Phoenix Gas board. We have taken the approach of looking to balance the need to correct the past, with looking to the future of the co-op and what can be put in place to ensure these concerns are not part of our future. For instance, we have revisited the by-laws that govern how the Phoenix Gas board is required to operate. This included streamlining the existing by-laws and adding new by-laws to ensure the board meets a certain standard when it comes to transparency and accountability moving forward.

Past AGM's have seen concerns brought up around how Phoenix Gas invests their reserves. For this reason, we moved all our investments from anything that was at risk due to the fluctuations in the market into guaranteed investments. We also moved our investments from RBC to David Arthurs with Manulife Wealth.

There has been much dialogue at the board level as to the best use of our equipment and resources. We have been working with the general manager to get a better handle on costing expenses to specific projects to determine which operations are feasible and which might have a negative impact on our main business, which is supplying gas to our members.

There were two significant compliance issues brought to the board and the new general manager by Mr. Allen Dietz, who was advising the previous managing board. The first, was that we still had 7 of our 8 line heaters required to be upgraded by March of 2025, the eighth one was upgraded in September of 2024 bringing us into compliance. The second item had to do with our Safety Loss Management System (SLMS). Phoenix Gas did not have a SLMS in place, even though AER required that we report annually that we did. We are continuing to develop our SLMS, but it is at least to the point where we are now compliant.



With the same number of nominations being put forward as the positions opened for election, this year will see four returning board members and three new board members. I would like to welcome Allen, Charles and Dave to the board, I look forward to working with you guys.

This also means we have three board members leaving; Marty stepped down before I had a chance to serve on the board with him, I would like to thank him for his time serving on the board and wish him all the best.

Al, I have known you for a while and understand that coming onto the board was not easy for you. You were only on the board for a couple of years, but your impact was significant, to say the least. Thank you for your honest and straight forward approach to dealing with difficult situations.

Dean, I have the upmost respect for you. There are not many guys who would take an afternoon of their time to sit down with a guy who was seen to be doing nothing more than causing trouble for the co-op. Between Flagstaff and Phoenix, you have served this board well for more than more than 20 years, you will be missed.

I will end with saying that our board has committed to being accessible to our members. Our responsibility is to represent your concerns, and we can only do this if we know what they are. Please feel free to reach out to any one of us by phone or email; our contact information has been mailed out a couple times and can also be found on the Phoenix Gas website. It's not feasible to mail out all our information, but we are trying to keep the website updated with anything we think is important to you. We are always looking for feedback, if there is something else you would like to see from us, let us know.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Jose Rajotte".

Jose Rajotte  
Phoenix Gas Chairman of the Board